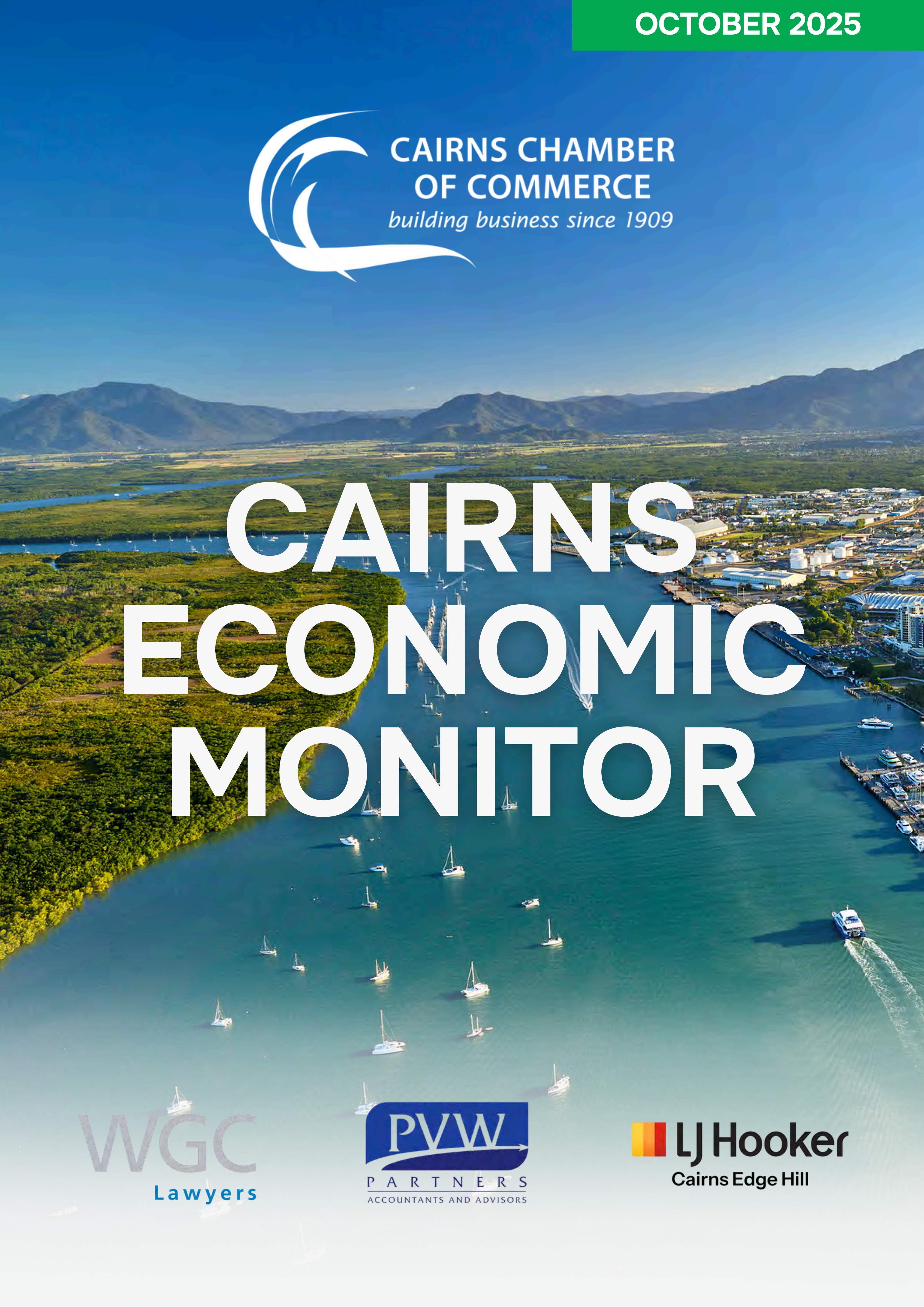
OCTOBER 2025

CAIRNS CHAMBER OF COMMERCE
building business since 1909



CAIRNS ECONOMIC MONITOR

WGC Lawyers

PVW Partners
Accountants and Advisors

LJ Hooker
Cairns Edge Hill

SNAPSHOT

Trend building approvals data in Cairns saw a sudden, one-off surge in July as the affordable housing units in Woree fed into the monthly data. Nevertheless, even if we adjust for this one-off extraordinary effect, the Trend for approvals has seen a significant improvement in recent months; certainly, very good news not only for the construction sector but also for those concerned about the accommodation shortage in the region.

Interest rates are currently on hold as core inflation settles around the mid-point of the RBA's target range, and the labour market only slowly eases. The headline data for August was slightly higher than expected and has taken any chance of a cut at the meeting on September 30th off the table. However, with core inflation still trending lower the markets are expecting a further 25bps cut by early next year and the chance of a further 25bps by the second quarter of 2026. This would take the Cash Rate to a terminal rate for this cycle of 3.1%.

Some of the data we have been highlighting as indicators of the underlying strength in the Cairns labour market are now showing obvious signs of easing. The Trend unemployment rate has lifted to 4.8%, full-time employment has dipped a little and the participation rate has also come off highs. While the Cairns labour market remains historically robust, we would certainly not like to see much further weakening.

BUILDING APPROVALS

TREND APPROVALS

180

July 2025

TREND RATE OF APPROVALS

24.9%

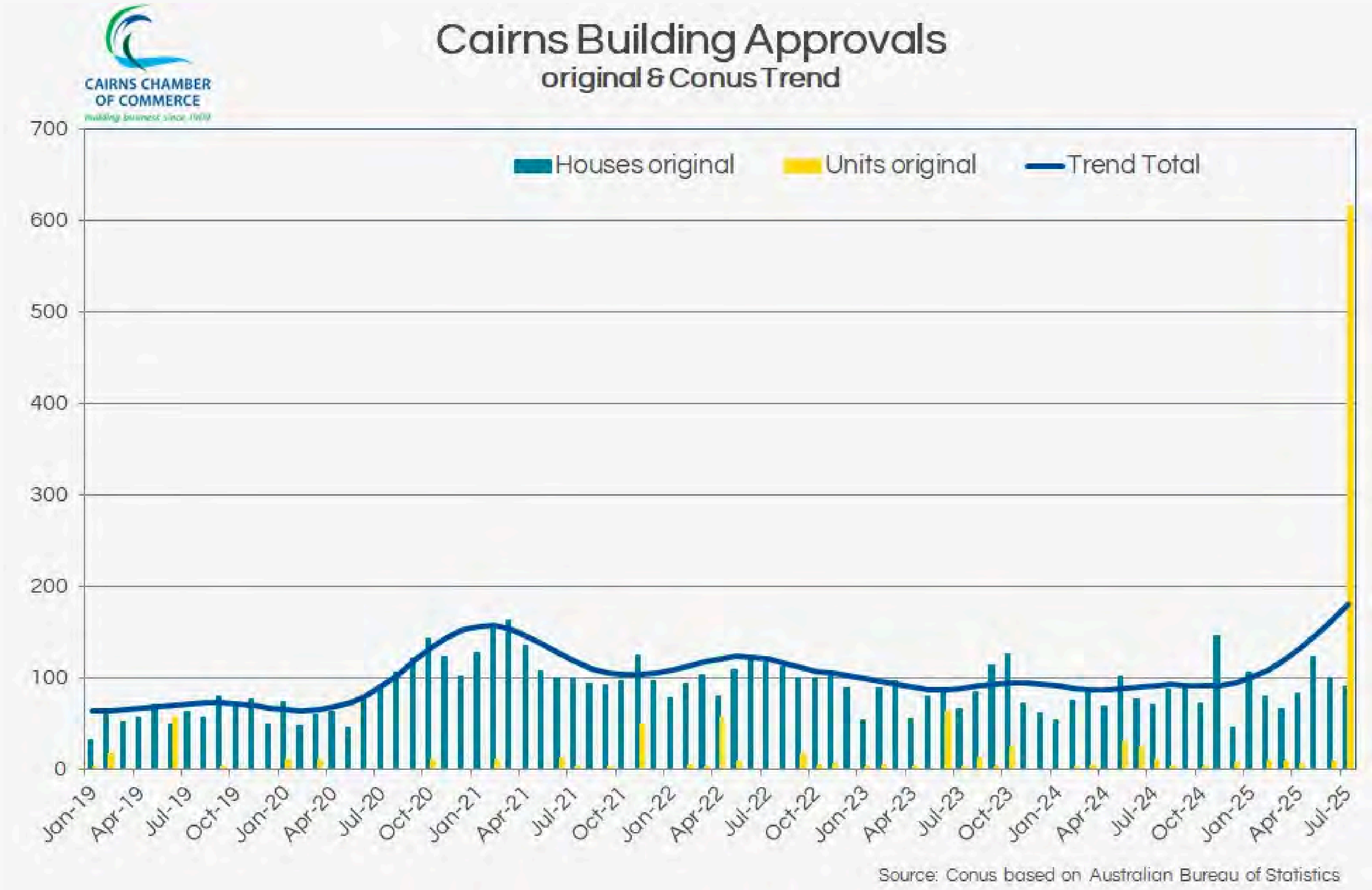
year on year

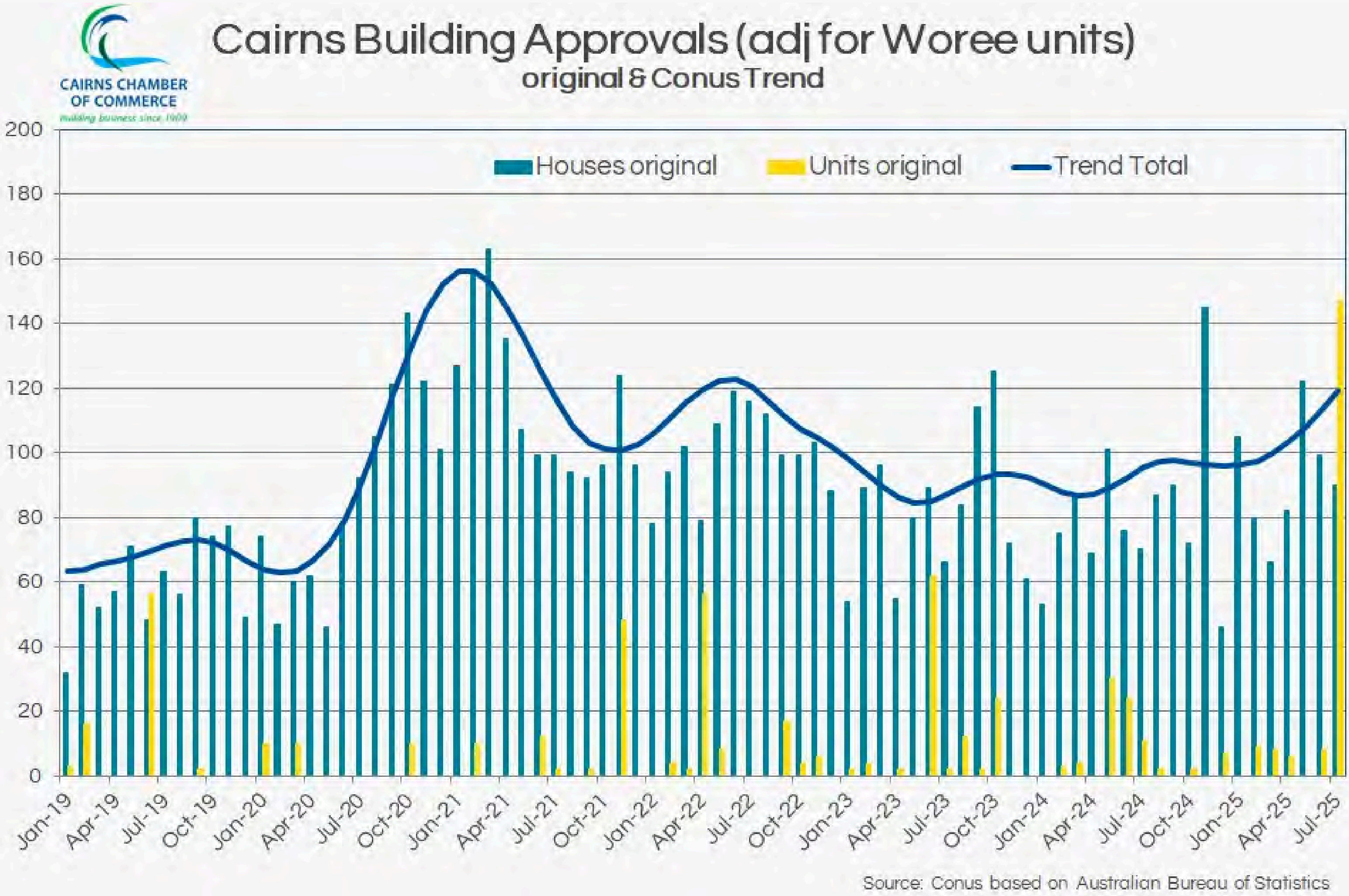
July was an extraordinary month for building approvals in Cairns. Partly as a result of the much-publicised affordable housing development in Woree (which accounted for an unprecedented 468 unit approvals) we saw the Trend leap to 180 (and prior months also revised strongly up). The first of our charts shows just how out of the normal this has been.

Nevertheless, even if we strip out the Woree unit approvals, July was still a very strong month (as you can see in the second, adjusted chart). Adjusting to account for such an extreme, one-off event is legitimate and allows us to get a better picture of the true Trend for approvals; we saw something similar a few years ago when the now-defunct Nova City units were approved. As was the case then, we are likely to see the unadjusted Trend settle closer to the adjusted Trend in coming months... we will track both for the next few months.

Even after adjusting for the Woree units the Trend rate lifted to 119 (also with upward revisions to previous months) which still equates to an increase of 24.9% y/y. This solid result was driven by other unit approvals; most notably in Cairns City (40 units), Manoora (40 units) and Atherton (16 units) as well as the Northern Beaches (another 30 units).

This significant improvement in the building approvals data, and the resultant potential pipe-line of construction work and available accommodation (still some way into the future) is obviously very good news for the region.

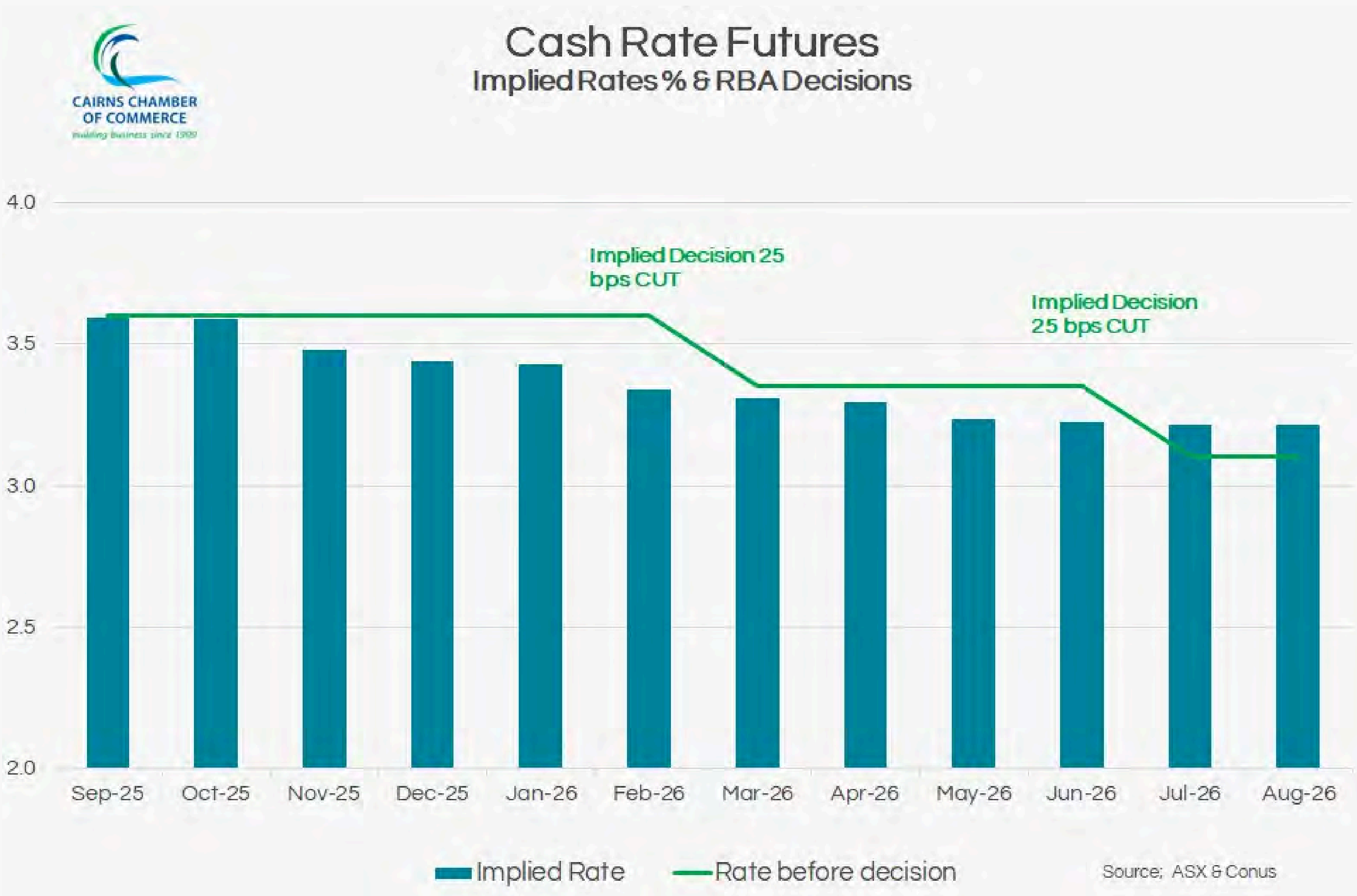




Credit: Tourism Tropical North Queensland

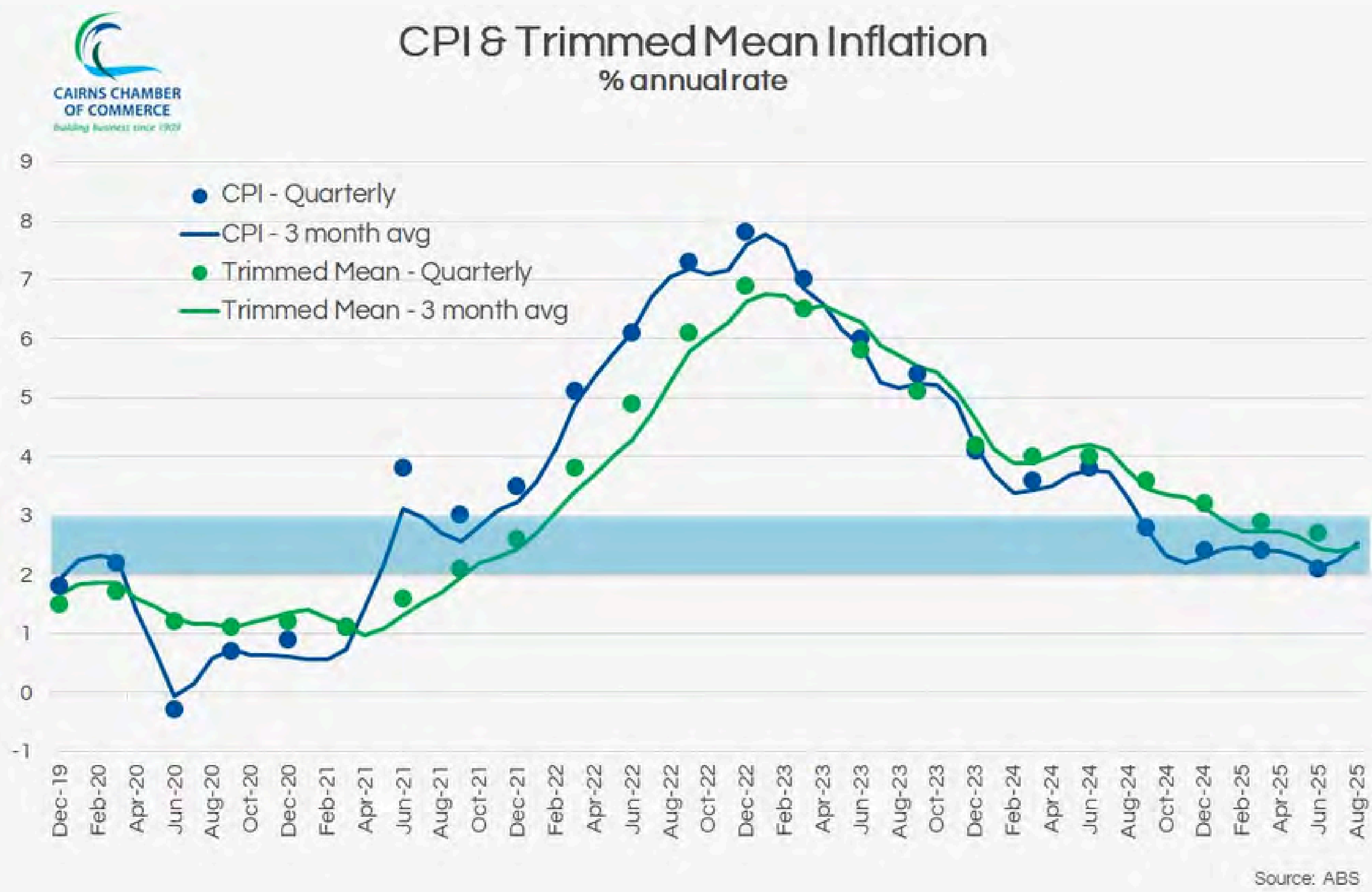
INFLATION & INTEREST RATES

The RBA will announce their decision on the Cash Rate on the last day of September. On the back of a somewhat higher than expected headline figure for CPI in August (3%) the futures market is now pricing virtually no chance of a 25bps cut at this meeting.



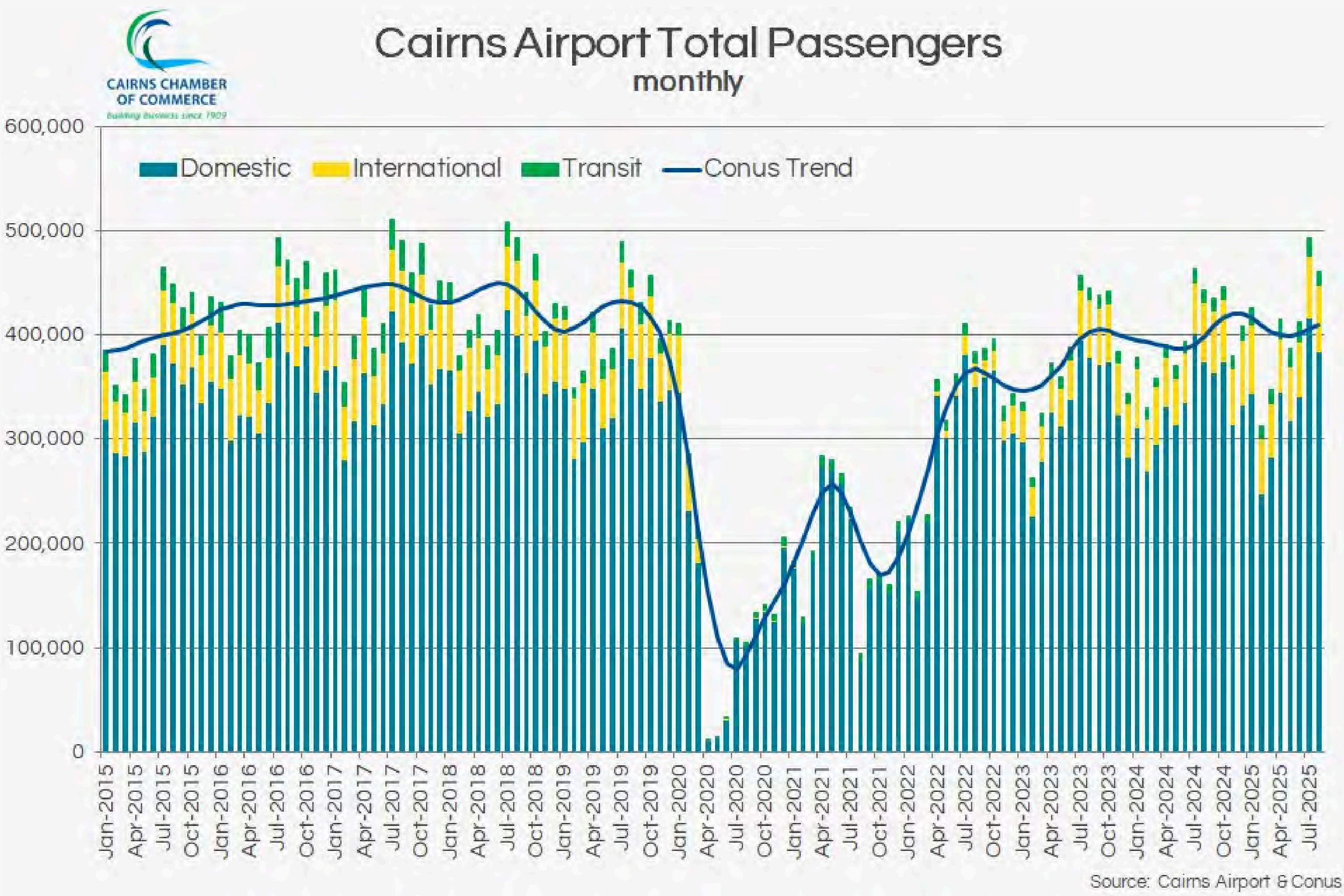
However, the core "trimmed mean" inflation picture (which the RBA will be watching more carefully) showed a slight decline to 2.6%. It is this gradual easing of core inflation, despite the base effects causing headline CPI to move higher, that has the markets pricing the possibility of further cuts to come.

Nevertheless, this disappointing inflation plot for August has seen expectations of the timing of such a cut pushed out. The markets are now not fully pricing in another 25bps cut until early in 2026 with the possibility of another 25bps to be shaved off by the end of the second quarter. This would take the Cash Rate to a terminal rate of 3.1% for this cycle.

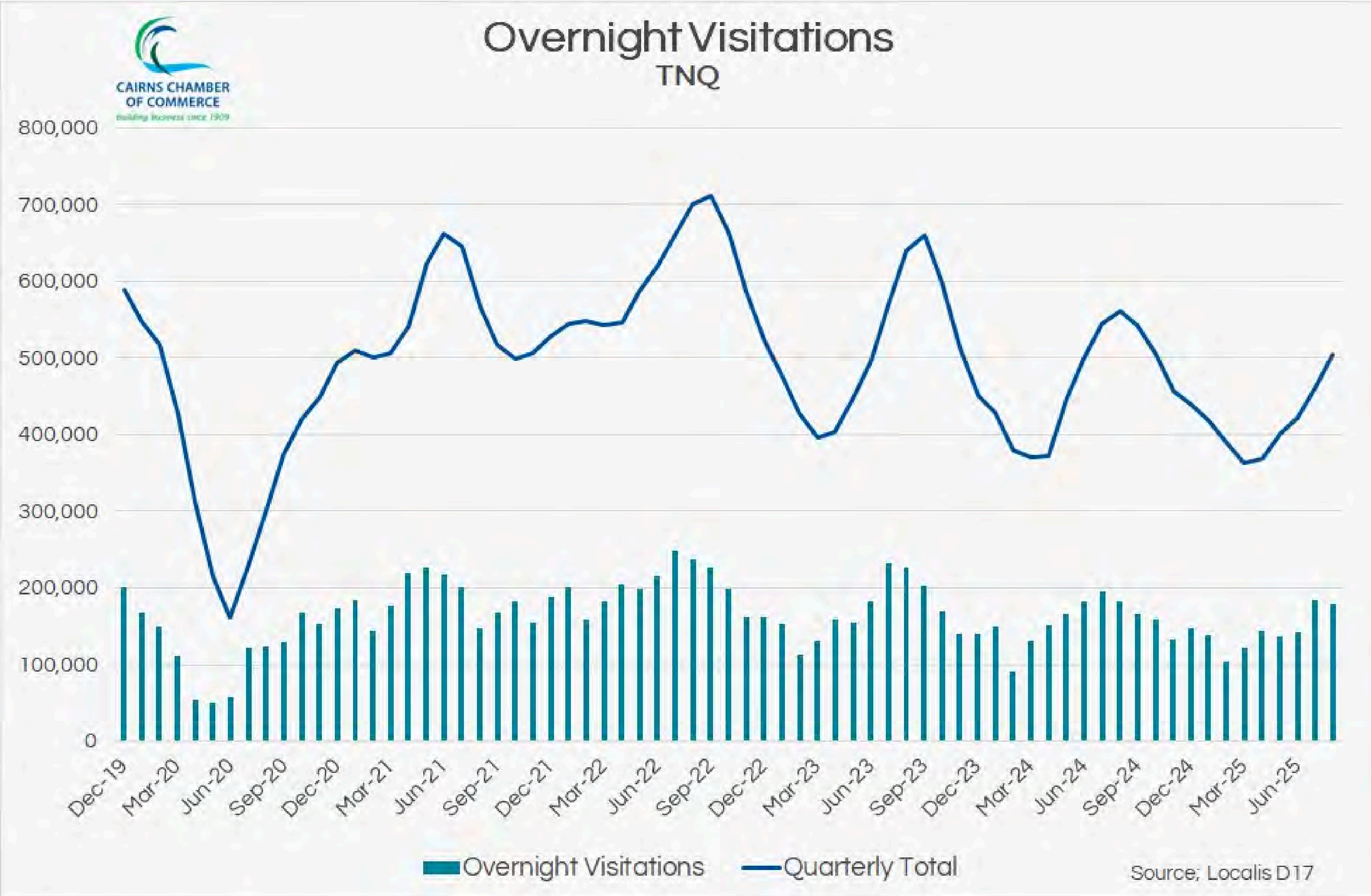


TOURISM

While the actual passenger numbers data for Cairns saw a slight decline in August (as expected since July is historically the strongest month of the year) the seasonally adjusted Trend has now increased for each of the last three months and sits 3% higher than a year ago. It is also now at its highest level since January this year.

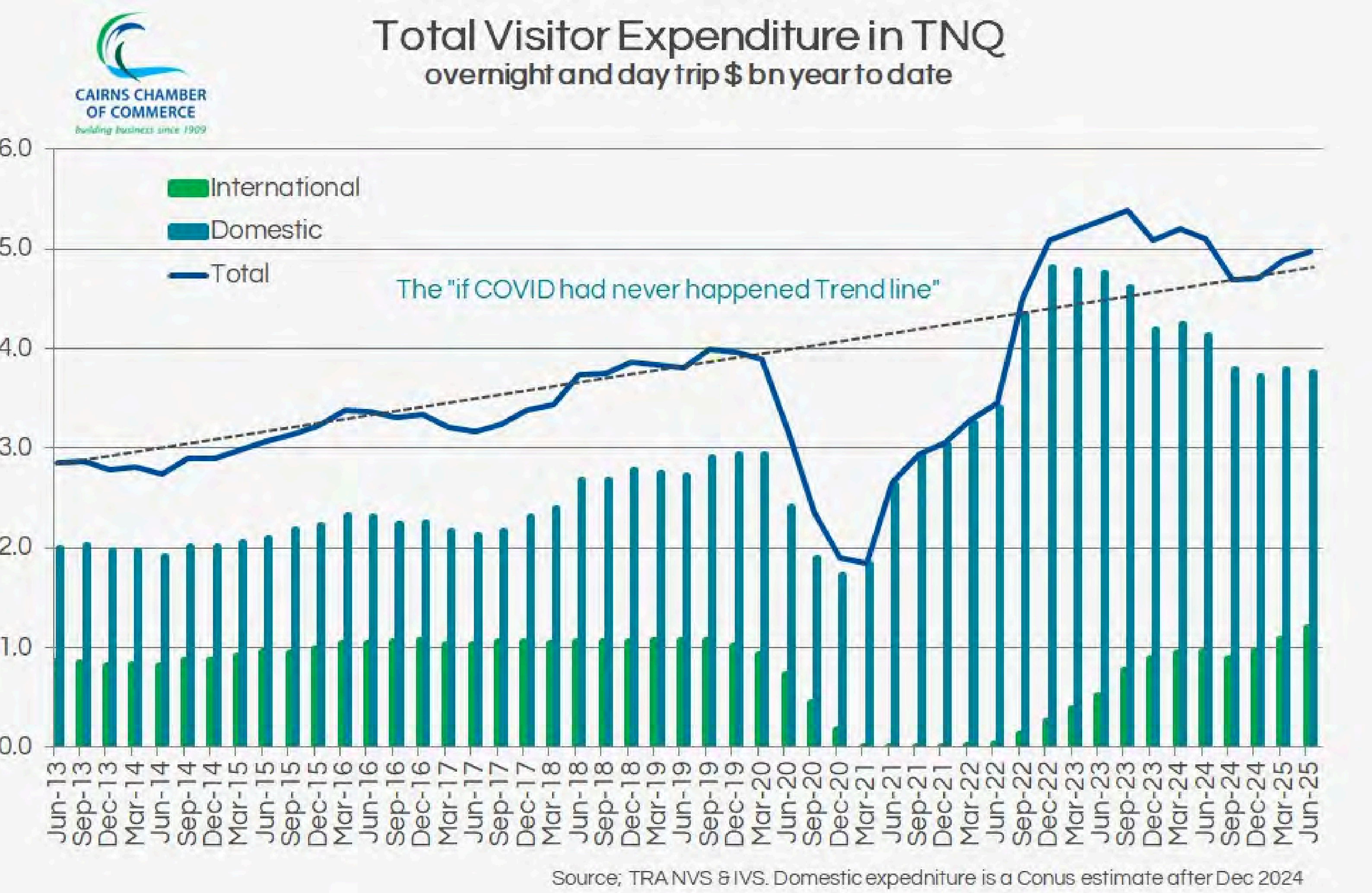


The improvements are coming from solid domestic numbers combined with an international sector that is now back to levels we have not seen since the mid-2019 peak; indeed, we need to go back to mid-2006, at the height of the Japanese tourism boom, to see Trend international arrivals at these levels.



Tourism Research Australia have released the results for the tourism sector for the year to June 2025. International expenditure data has surprised us on the upside with the spend in TNQ increasing to $1.21 bn for the year. This is now 11% higher than at the same time in 2019 and is driven by very strong results for US, UK and Japan in particular. Chinese visitation continues to improve but expenditure remains 67% below its pre-COVID level.

Domestic tourism data is still in a state of flux as we transition from the previous National Visitor Survey to the new Domestic Tourism Statistics methodology. At a regional level we are still having to rely on estimates of expenditure derived from a selection of alternative indicators. Our best guess is that domestic tourism expenditure (overnight and day trip) for the year to June fell slightly from the March quarter to $3.76bn.


CAIRNS CHAMBER OF COMMERCE
building business since 1909
Total Visitor Expenditure in TNQ
overnight and day trip $ bn year to date
International
Domestic
Total
The "if COVID had never happened Trend line"
6.0
5.0
4.0
3.0
2.0
1.0
0.0
Jun-13 Sep-13 Dec-13 Mar-14 Jun-14 Sep-14 Dec-14 Mar-15 Jun-15 Sep-15 Dec-15 Mar-16 Jun-16 Sep-16 Dec-16 Mar-17 Jun-17 Sep-17 Dec-17 Mar-18 Jun-18 Sep-18 Dec-18 Mar-19 Jun-19 Sep-19 Dec-19 Mar-20 Jun-20 Sep-20 Dec-20 Mar-21 Jun-21 Sep-21 Dec-21 Mar-22 Jun-22 Sep-22 Dec-22 Mar-23 Jun-23 Sep-23 Dec-23 Mar-24 Jun-24 Sep-24 Dec-24 Mar-25 Jun-25
Source; TRA NVS & IVS. Domestic expednitureis a Conus estimate after Dec 2024


Credit: Tourism Tropical North Queensland

When combined with the markedly better international expenditure we estimate that total tourism expenditure lifted from $4.88bn in the year to March to $4.97bn in the year to June. As our chart makes clear, this is now a little higher than the 'as if COVID had never happened Trend line'.

More timely data for Overnight Visitations shows clearly the recovery in numbers in the region in recent months as we move into our high tourism season. However, the chart also makes clear that the trend has been on a steadily declining trajectory since the peak in 2022 as Aussies started to travel abroad once again.


Credit: Cairns Adventure Group


Credit: Tourism Tropical North Queensland

LABOUR MARKET

Employment

While Trend employment lifted again in August (+100), as the chart makes clear employment growth has slowed significantly in recent months.

In Cairns annual employment growth has fallen to 0.9% pa from its previous high of 3.5% pa just a year ago.

PEOPLE EMPLOYED

14,643,000

Last month 14,642,800

3,002,600

Last month 3,000,300

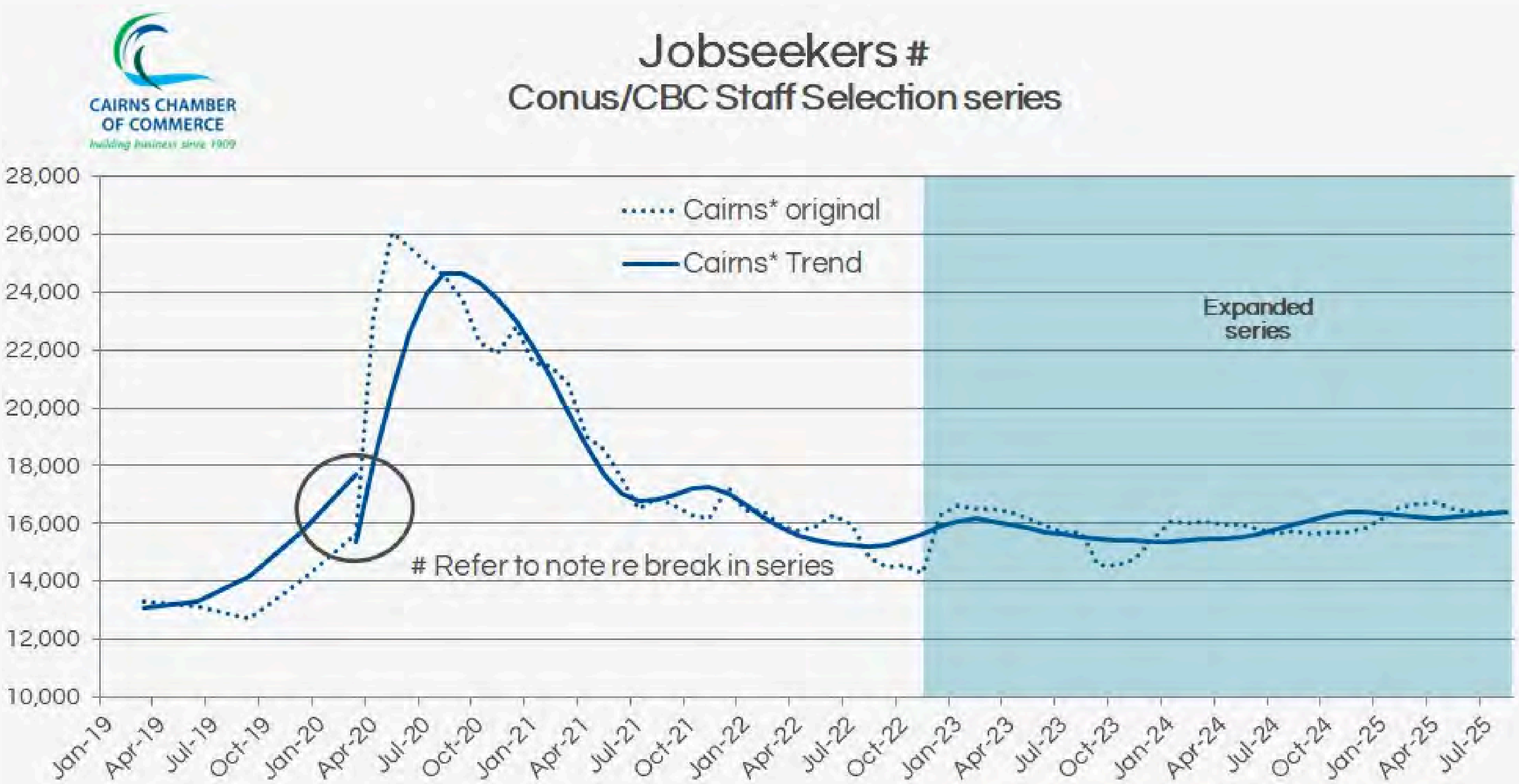
144,800

Last month 144,700

Yet another sign of the slowing labour market is the fact that, unlike in most recent months, full-time employment dipped in August (-100) although it remains well up over the course of the year (+1,000 or +1% pa). The Participation Rate in Cairns remains strong although here too we have seen a slight easing from previous highs.

It is clear that as the labour market eases across the nation we are seeing this reflected in Cairns.   The number of JobSeekers is clearly increasing across the nation and is yet another indicator of the gradual easing in the labour market.

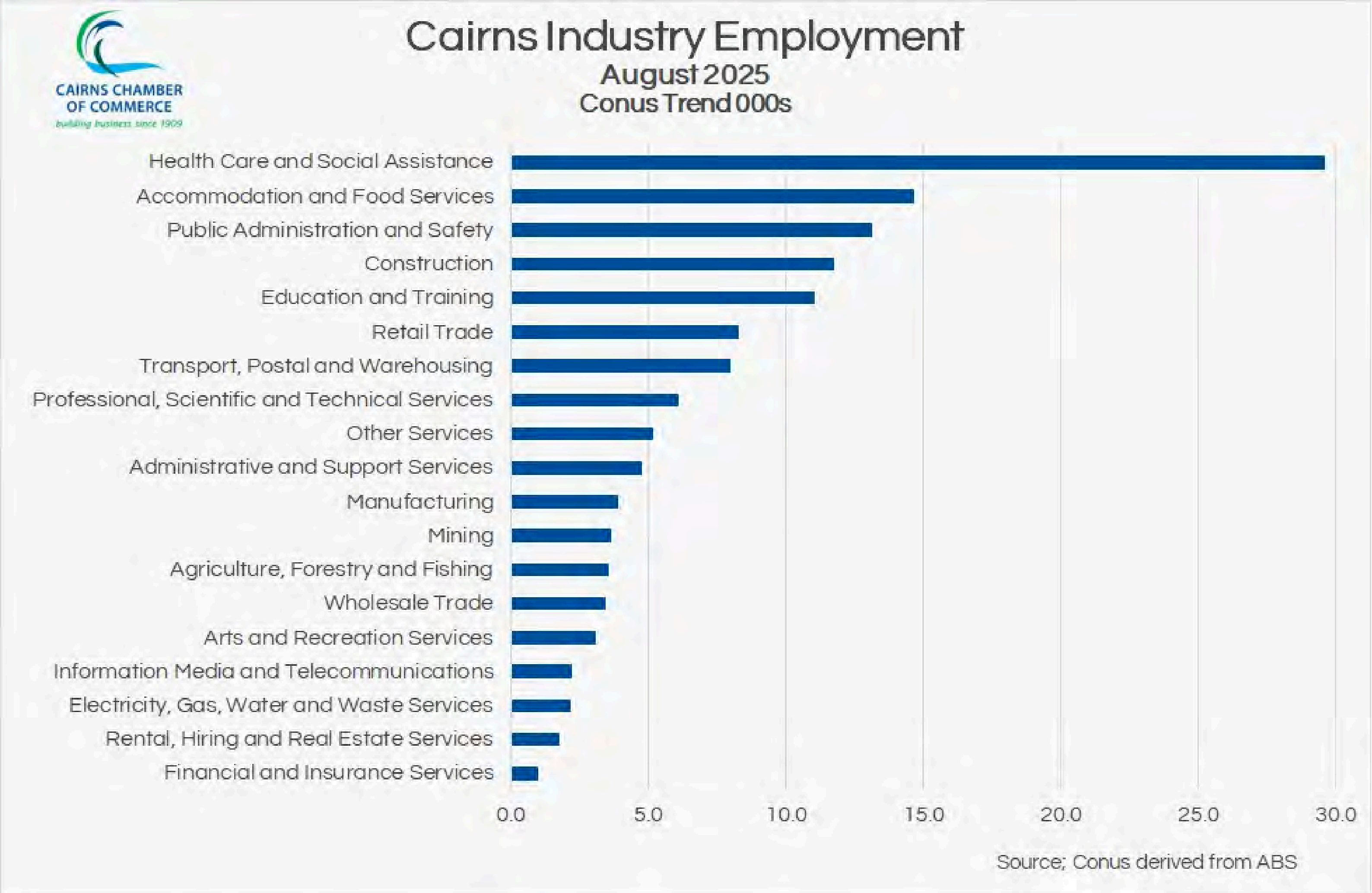
Trend JobSeekers across Australia are up 7.2% for the year to August. In Queensland the increase is a more modest 4.9%, but in Cairns JobSeekers numbers are only up 2.5% for the year (the second slowest pace of growth in any region of the State). Once again, we see the Cairns labour market showing clear signs of ongoing strength, even as things slowly ease.



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

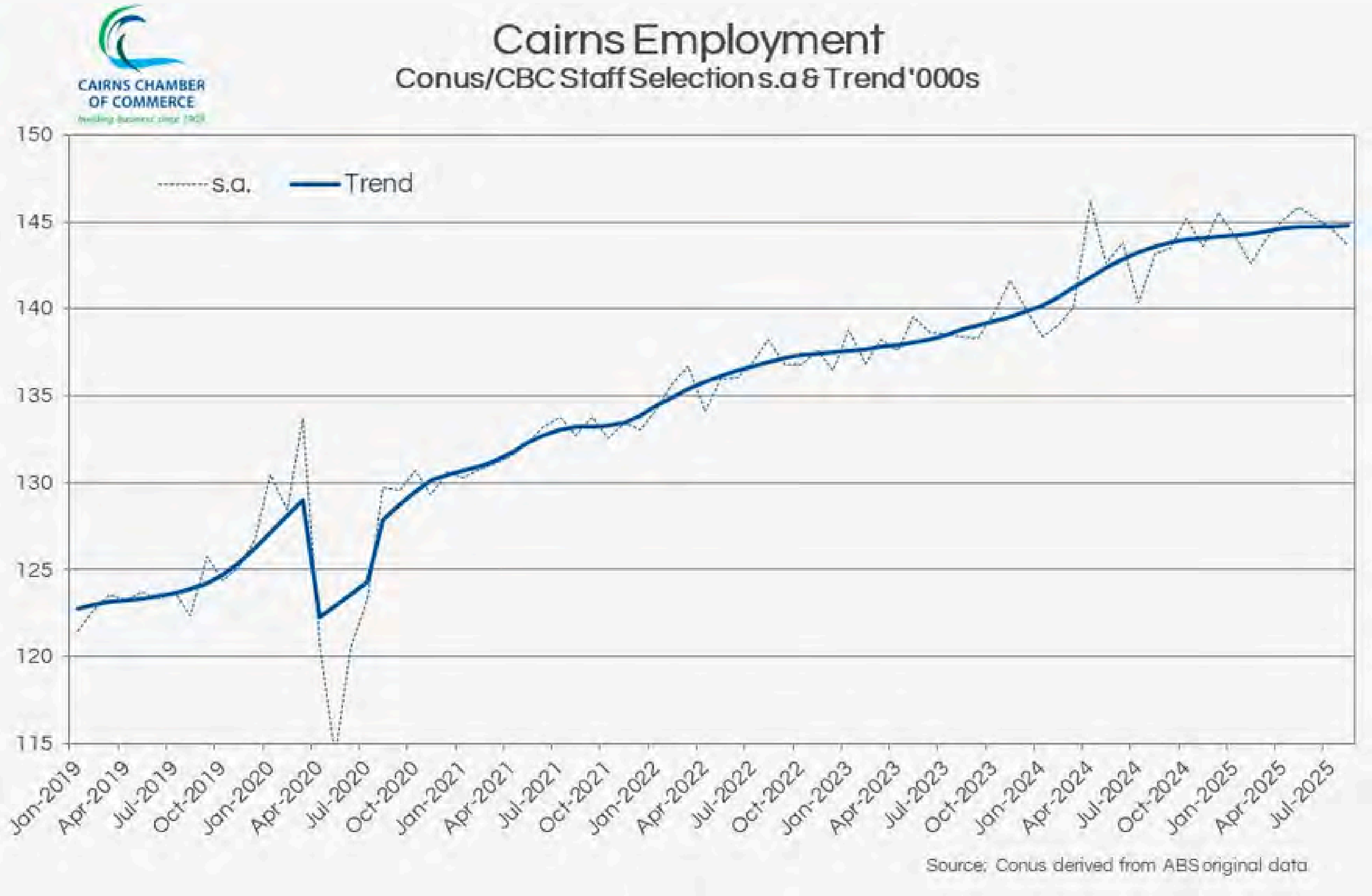


Credit: Tourism Tropical North Queensland

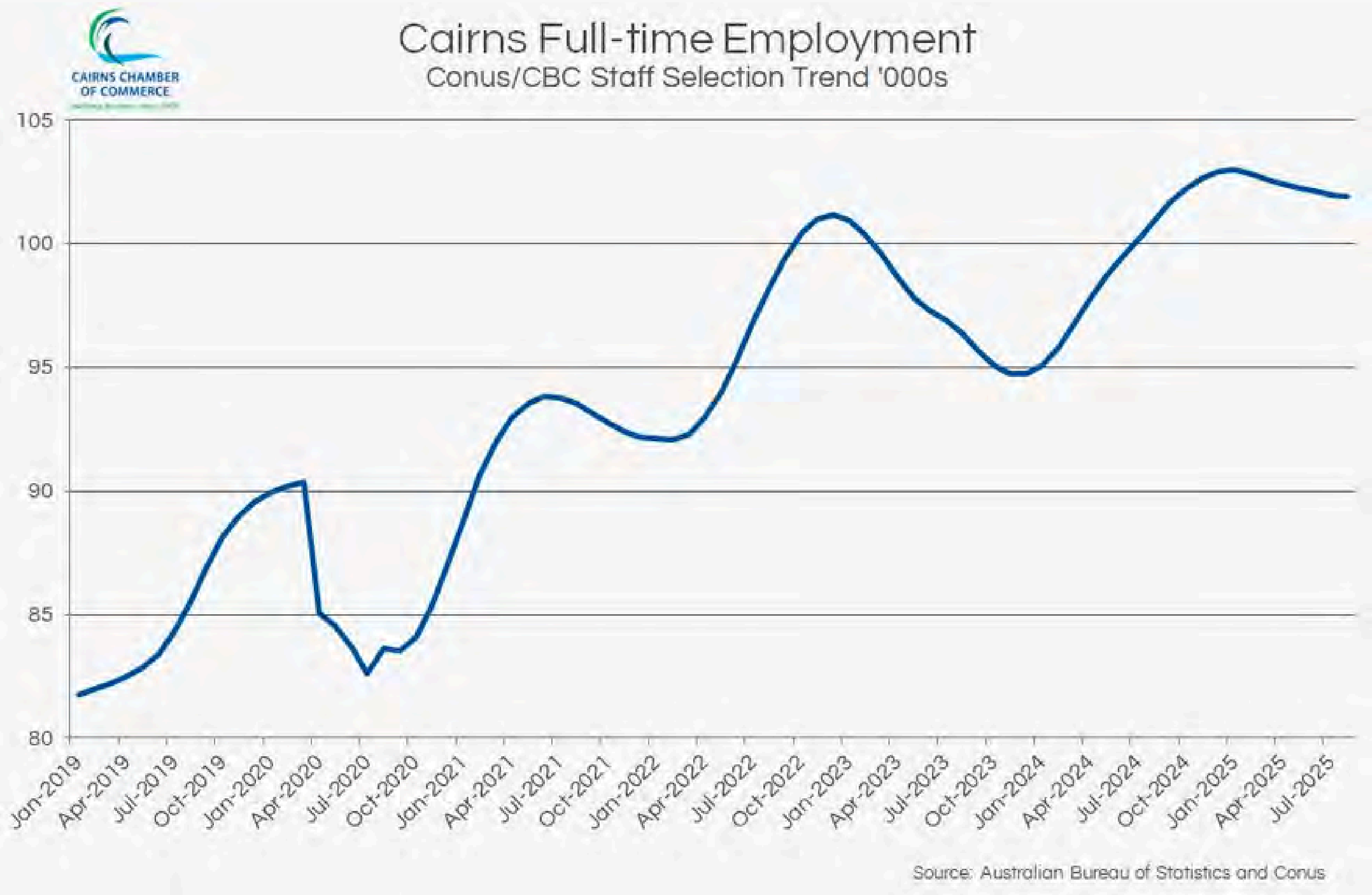

PVW
PARTNERS
ACCOUNTANTS AND ADVISORS
Townsville | Innisfail | Cairns | Darwin
PVW Partners is one of regional Queensland's longest running firms and is the largest locally owned Accounting, Tax and Business Advisory firm in Northern Australia.
Tax and Accounting
Business Advisory
Self Managed Super Funds
Financial Management
Agribusiness
Regional Australians Growing Regional Australia
Cairns Office
4/220-226 McLeod Street Cairns North QLD 4870
PO Box 328, Bungalow QLD 4870
T (07) 4080 9800
info@pvwpartners.com
www.pvwpartners.com

Trend employment grew by just 2,300 in Queensland during August (after some further downward revisions to previous months). The pace of annual Trend employment growth is now showing clear signs of a slowdown and at just 2.0% y/y is now at the slowest pace since March 2021.

Full-time employment, which has been the star performer in the State for the past year, has also slowed sharply and, although it is slightly faster than general employment growth at 2.1% y/y, this is also its slowest pace since the end of 2023.



National employment growth has also slowed and now sits at just 1.7% for the year with another 18,100 employed added in August. We have been saying for some months that the labour market is slowing (as has been expected by RBA and Treasury) and we are now seeing very clear signs in the data of that slowing. The question from here will be whether this is merely a normal correction after a period of very robust growth, or is it something more problematic? Our view is that it is the former.



The trend in Online job vacancies is also now clearly lower. Nationally online vacancies have fallen by 10.2% y/y while we see a slightly better result in Queensland; a decline of 8.2% y/y. However, this data set suggests that the Cairns labour market continues to show signs of considerably more robustness with online vacancies up 0.8% y/y.

Unemployment

As we have been saying for the past few months, the labour market is easing, and it is therefore no surprise to see the unemployment rate in Cairns reflecting that. In August the Trend unemployment rate has lifted again and now sits at 4.8%. This is its highest level since January 2024 and represents a significant increase from the low of 3.9% we saw in the aftermath of the COVID shock. However, from a historical perspective anything below 5% still represents a low rate; at 4.8% we would hope not to see much on the way of further increases.

UNEMPLOYMENT RATE

4.3%

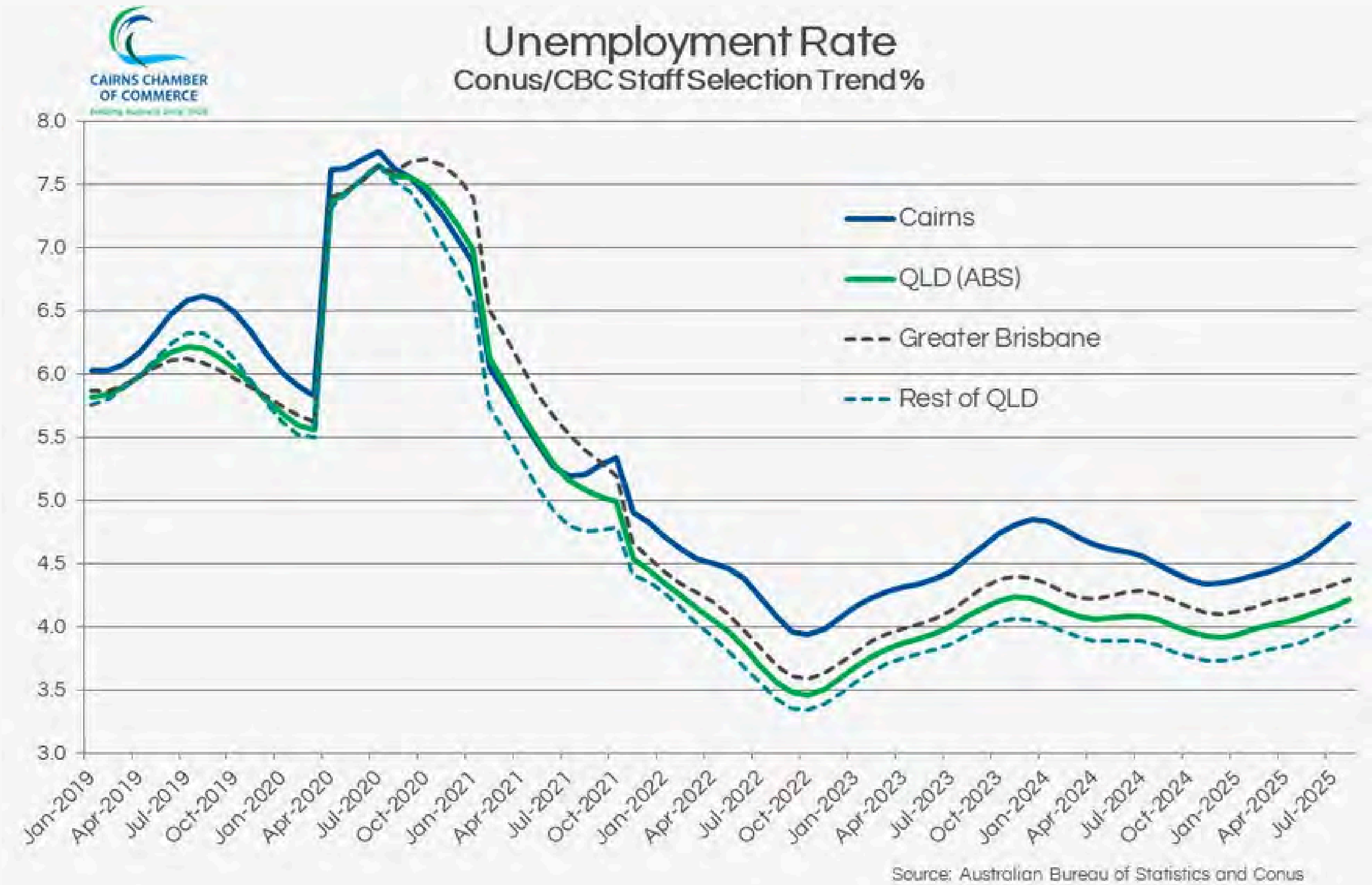
Last month 4.2%

4.2%

Last month 4.2%

4.8%

Last month 4.7%



REAL ESTATE

After having had something of a breather as prices appeared to struggle to breach the psychological barriers of $700,000 (houses) and $400,000 (units) median prices, real estate prices in Cairns have now moved solidly ahead again. The effect of the lowering in interest

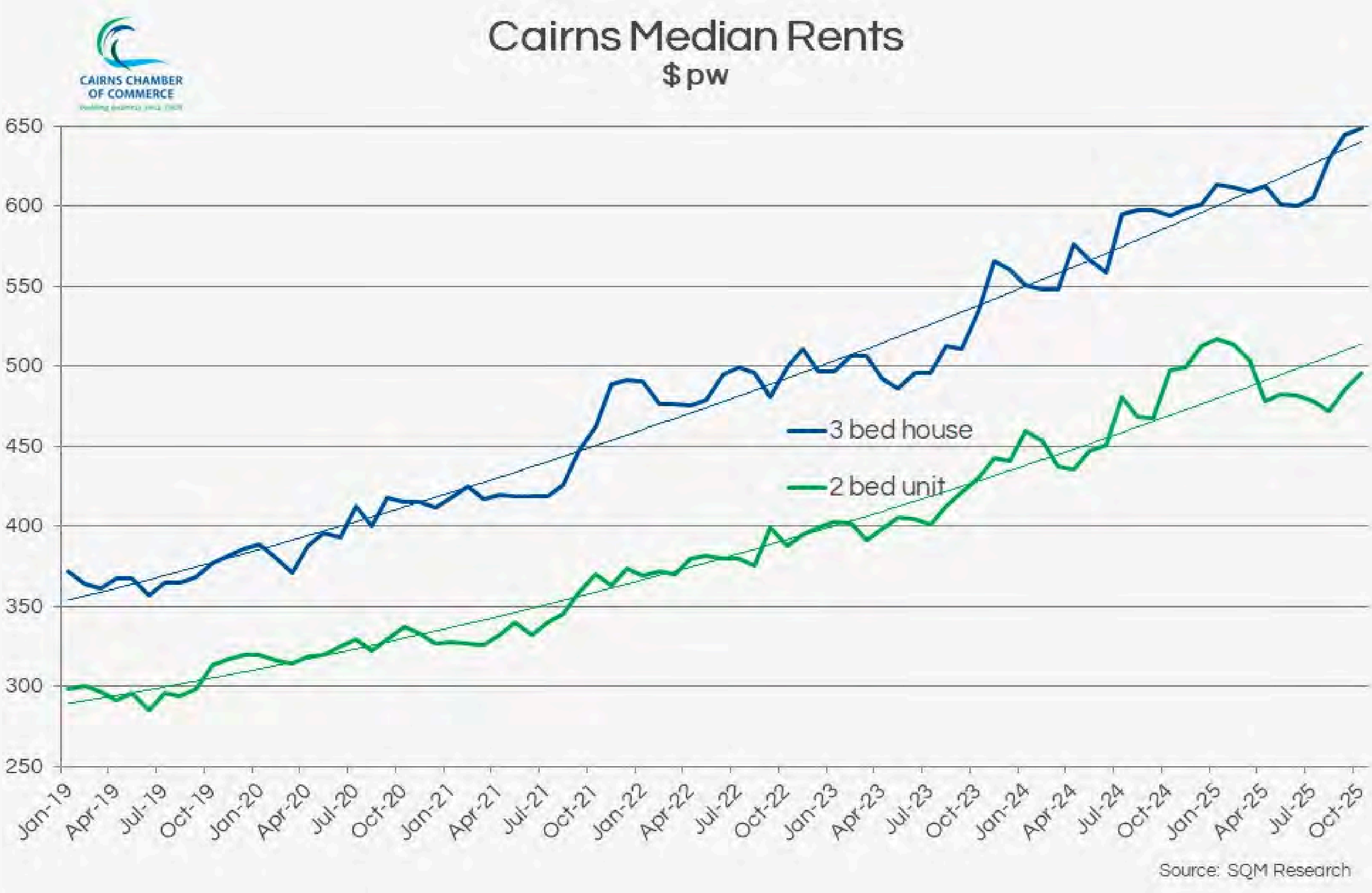
MEDIAN RENTALS

2-bed unit
$407 p/w
+ 9% y/y

3-bed house
$629 p/w
+ 5% y/y

rates will undoubtedly have been at play here, and with at least one more cut looking likely in coming months we can expect this positive movement to continue.

Rents too have increased during September, although in the case of units this has merely taken them back to where they sat a year ago. We have noted in previous Cairns Economic Monitors that the pace of unit rent increases over the past decade had outpaced those of prices; these latest moves where prices are rising faster than rents is simply correcting some of that historical disparity.



House prices are also moving ahead at a faster click than house rents, although the disparity in this sector of the market has been far less marked than for units and hence the pace of change in rents (+9%) and prices (+13%) is also far less.

Cairns continues as one of the best performing real estate markets in the country. Compounding growth over the past 3 years is now running at 17.1% pa, well ahead of the national average of 8.1% pa.

Over the past 7 years the gap is smaller, but Cairns (+9.8% pa) is still ahead of the national average (+8.5% pa).

MEDIAN PRICE

Unit
$415,000
+ 12% y/y

House
$731,000
+ 13% y/y

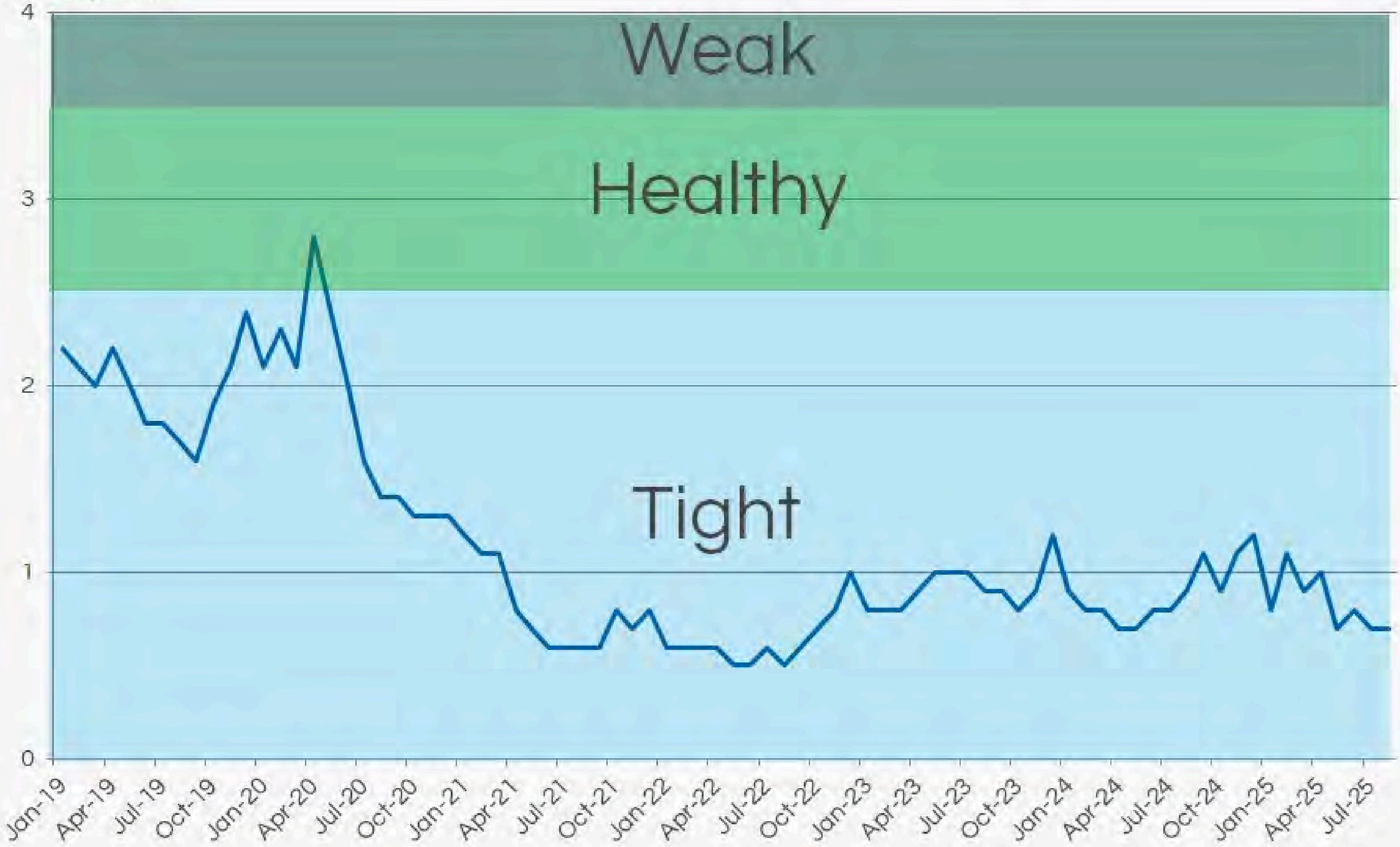
VACANCY RATE

0.7%

Previous month 0.7%

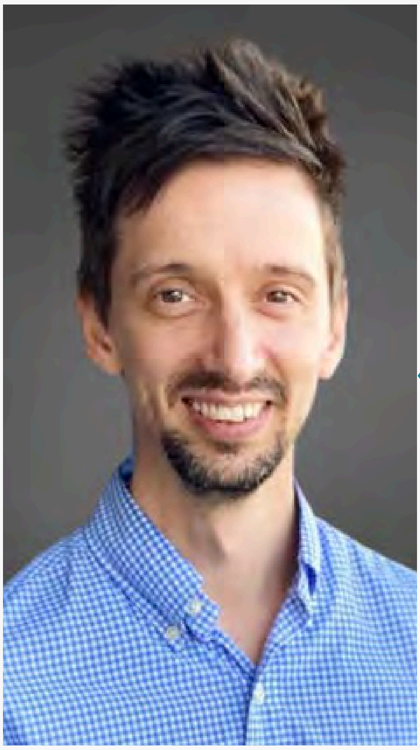
Even when considering the past 10 years Cairns (+6.4% pa) is now only a little behind the national average (+7.% pa).

Cairns Residential Vacancy
Rate %



Source: SQM Research

A WORD FROM OUR SPONSORS



"It was encouraging to hear our leaders outline Cairns' long-term Growth Strategy at the recent Chamber of Commerce Luncheon. With rapid technological change, it's important our leaders consider what kind of future we are planning for. Technology is reshaping our lives in ways that could be a blessing for the region, but are we thinking enough about how it might influence transport and city planning?

Cairns' geography and population have always posed challenges for roads, connectivity, and public transport. But how might autonomous vehicles change that picture? If cars can drive us to the office while we work, are commute times still as critical? If vehicles can drop us off and collect us later, what does that mean for parking? Could fewer parking pressures create opportunities to encourage CBD vibrancy? And should large-scale investments in mass transit be reconsidered if driverless cars evolve into our own personal transit systems."

Michael Wilson
Partner, PVW Partners

"It has been encouraging to see so many local business leaders at recent forums discussing the opportunities and challenges shaping our region.

This month's Cairns Economic Monitor reflects that same mix of optimism and realism: strong growth in building approvals, international tourism spend now higher than pre-COVID, and a labour market that, while easing, continues to show resilience in Cairns.

At WGC Lawyers, we are proud to sponsor this report and to stand alongside our community as we plan and build for a sustainable future together."

Rhiannon Saunders
Managing Director, WGC Lawyers

"The Cairns property market continues to show strength, with both house and unit median prices on the rise.

Prices are moving solidly ahead, underpinned by strong buyer activity and limited supply. The rental market mirrors this trend, with the median rent for houses increasing, reflecting heightened demand.

Both sales and rental markets remain tight, driven by classic supply and demand dynamics, as listings sit well below long-term averages and competition stays elevated.

On Tuesday 30 September, the RBA announced its decision to hold the cash rate steady at 3.60%, providing some stability."

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, **the Cairns Economic Monitor.**

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

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

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

Patricia O'Neill
Chief Executive Officer

UPCOMING EVENTS

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

OCT

01 OCT
Business Excellence Awards VIP Finalist Evening
5:30pm - 7:30pm
Whiskey & Wine, Crystalbrook Flynn

17 OCT
Business Excellence Awards Gala Ball
6:00pm - 11:00pm
Cairns Convention Centre

NOV

11 NOV
Chamber Luncheon - The Strategy Guy
11:30am - 2:00pm
Pullman Reef Hotel Casino

05 NOV
FNQ DAMA Information Session for Employers
10:00am - 11:00am
Cairns Chamber of Commerce office

NOT A MEMBER? JOIN TODAY!

Scan the QR Code to Join or **CLICK HERE**

CAIRNS CHAMBER OF COMMERCE
building business since 1909

Publisher & Editor
Cairns Chamber of Commerce

Data Analysis & Commentary
Pete Faulkner

Contributors
WGC Lawyers
PVW Partners
LJ Hooker Edge Hill

Cover Image Credit
TTNQ

CAIRNS CHAMBER OF COMMERCE

building business since 1909

RECEIVE THE LATEST EDITION STRAIGHT TO YOUR INBOX EACH MONTH!

Scan the QR Code to Subscribe or

CLICK HERE