



# CAIRNS ECONOMIC MONITOR

MARCH 2025



**WGC**  
Lawyers

**PVW**  
PARTNERS  
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MARCH 2025

# SNAPSHOT





Welcome to the first issue of the Cairns Economic Monitor presented by the Cairns Chamber of Commerce and our partners WGC Lawyers, PVW Partners and LJ Hooker Edge Hill.

This month we are reporting on the first cut to interest rates since November 2020 when rates were cut to the 'emergency' level of 0.10%. This cut to 4.15% would appear to be the first of perhaps two or three such cuts (if we believe the futures market) during 2025.

The labour market in our region remains strong. Employment is up again (particularly full-time employment) and the unemployment rate remains at levels indicating that a tight labour market is set to continue for some time.

While the tourism sector returns to a new normal after the COVID-induced surge and passenger numbers through Cairns Airport show good growth, there is a cloud on the horizon for the long-term prospects of the region: building approvals are still weak and falling. The housing crisis, and associated ramp up in both prices and rents, does not appear likely to ease anytime soon and the continued lack of housing is a threat to ongoing growth.



# LABOUR MARKET

## Employment

This month the new enhanced ABS modelled data, from which we derive our Conus/CBC Staff Selection Trend series, has been extended all the way back to Jan 2012. This excellent work by the ABS now provides us with even more confidence in the derived Trend series as a

superior indicator of the actual labour force in our region. The Trend analysis confirms that employment in Cairns has been on a consistently positive trajectory since the COVID recovery in 2020. Although the rate of that increase has slowed slightly this month it still sits at 3.4% pa which compares very well with the national rate of 3.0% pa and the State figure of 3.5% pa. In January we saw another 200 people added to those employed and the region has seen an increase of 4,800 in the past 12 months, with 8,100 new full-time positions.

### PEOPLE EMPLOYED



↑ **14,616,400**

Last month 14,582,700



↑ **2,995,200**

Last month 2,988,600

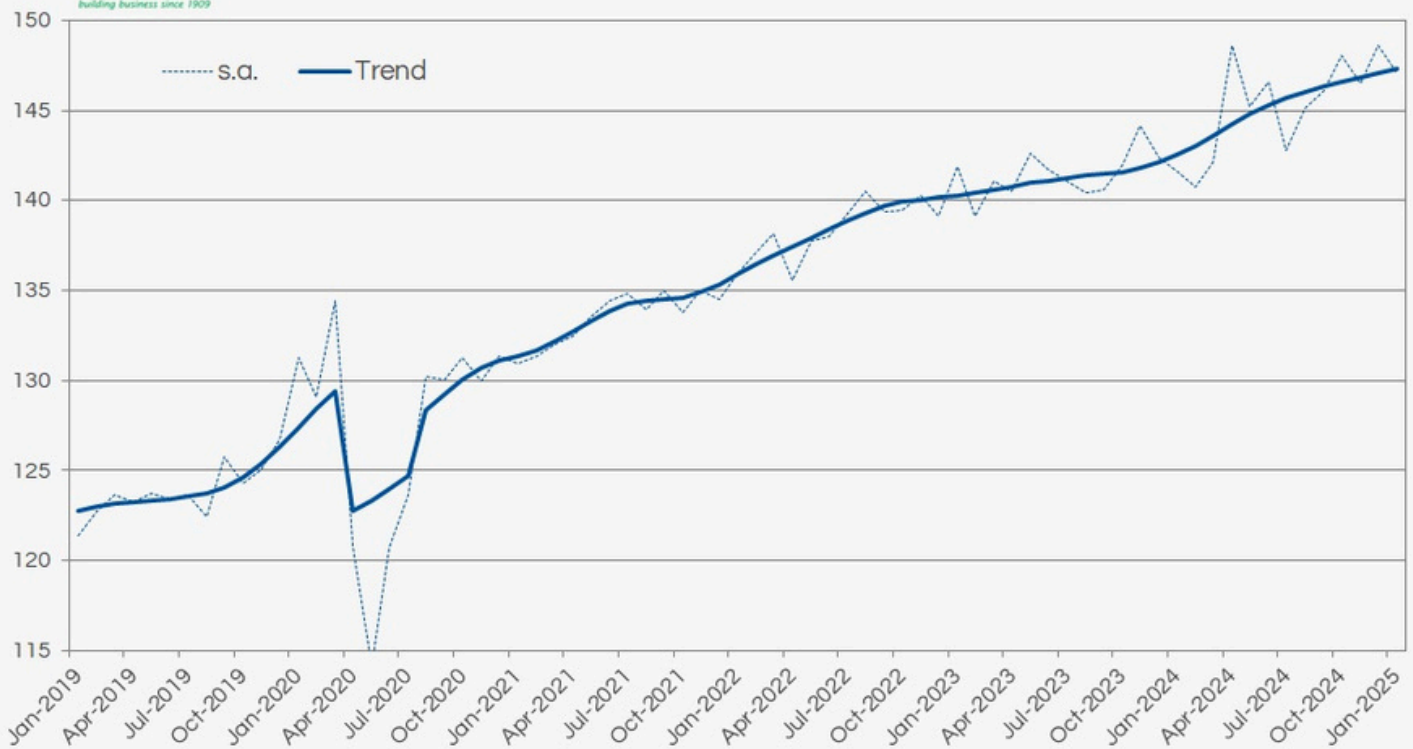


↑ **147,300**

Last month 147,100

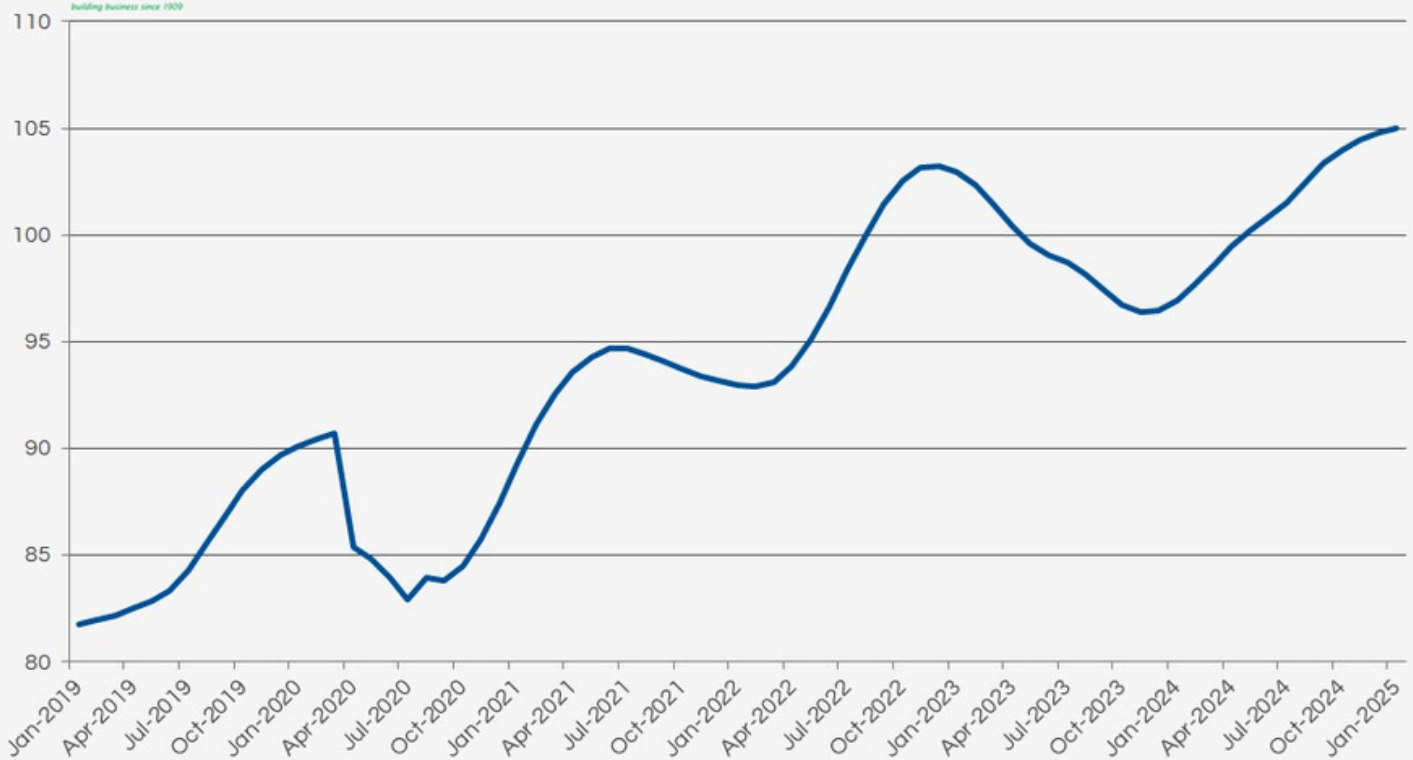


## Cairns Employment Conus/CBC Staff Selections.a & Trend '000s



Source; Conus derived from ABS original data

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



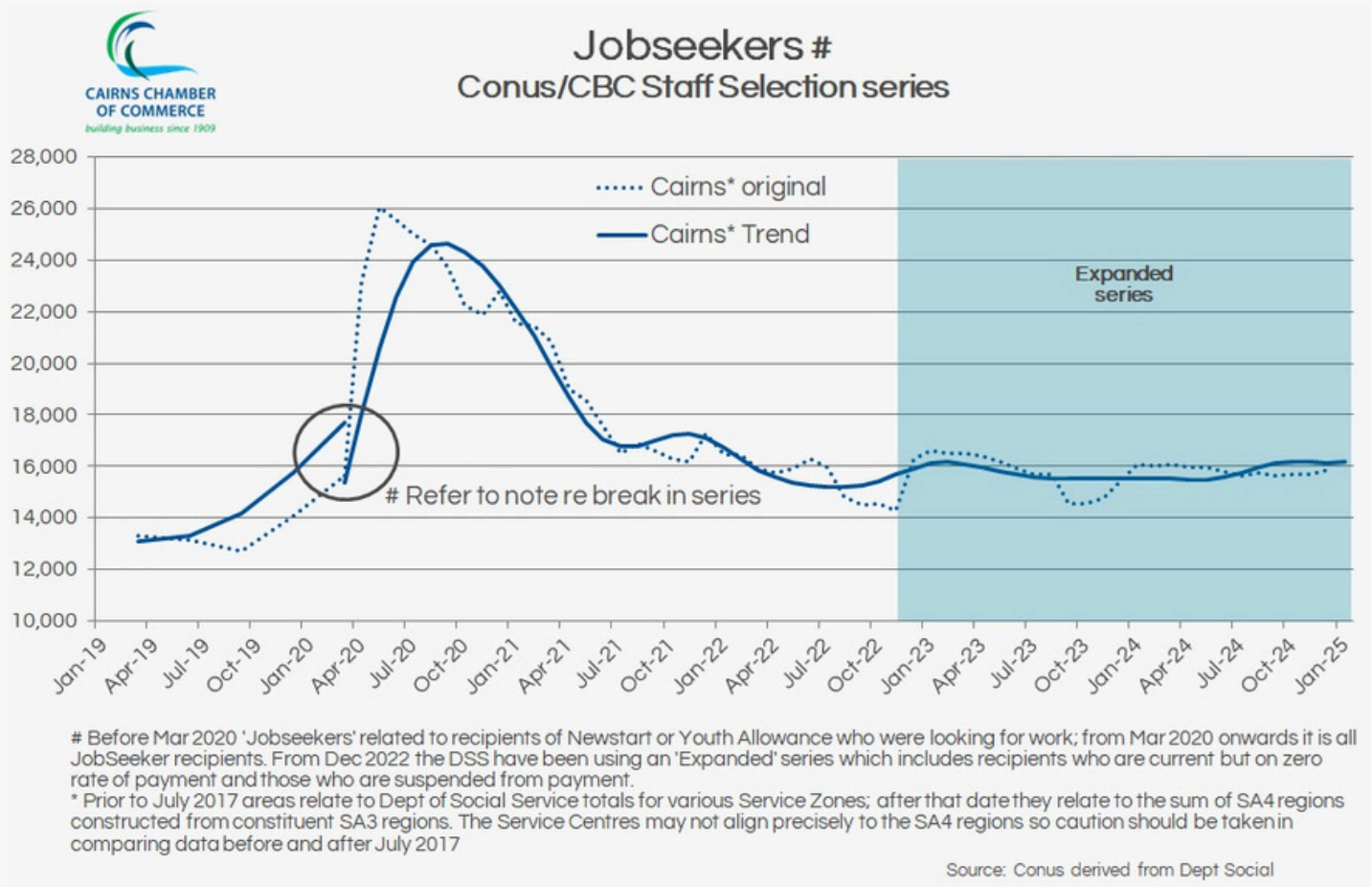
Source: Australian Bureau of Statistics and Conus





Participation rates remain very elevated and are close to 14-year highs. However, unlike throughout the first half of 2024, we are now seeing this participation boost coming from the male rather than female cohort. Over the year female participation is now down slightly while male participation is up more than 2.5 ppts.

The Trend of JobSeekers in Cairns remains remarkably stable at just above the 16,000 level. The fact that JobSeekers are up between 10.2% (nationally) and 7.4% (Queensland) over the year and yet have lifted by just 4.1% in Cairns confirms the underlying relative strength in our regional labour market.





The rate of employment growth in Queensland has been slowing in recent months but it remains at a very healthy 3.5% pa. Trend employment increased by another 6,600 in January (which takes the total number employed in the State to a whisker below 3 million for the first time) with more than half of that increase coming in full-time positions. Over the past 12 months Queensland has added 101,500 to those employed and 83,900 of those have been full-time positions. There is no doubt that the labour market in Queensland remains very robust.

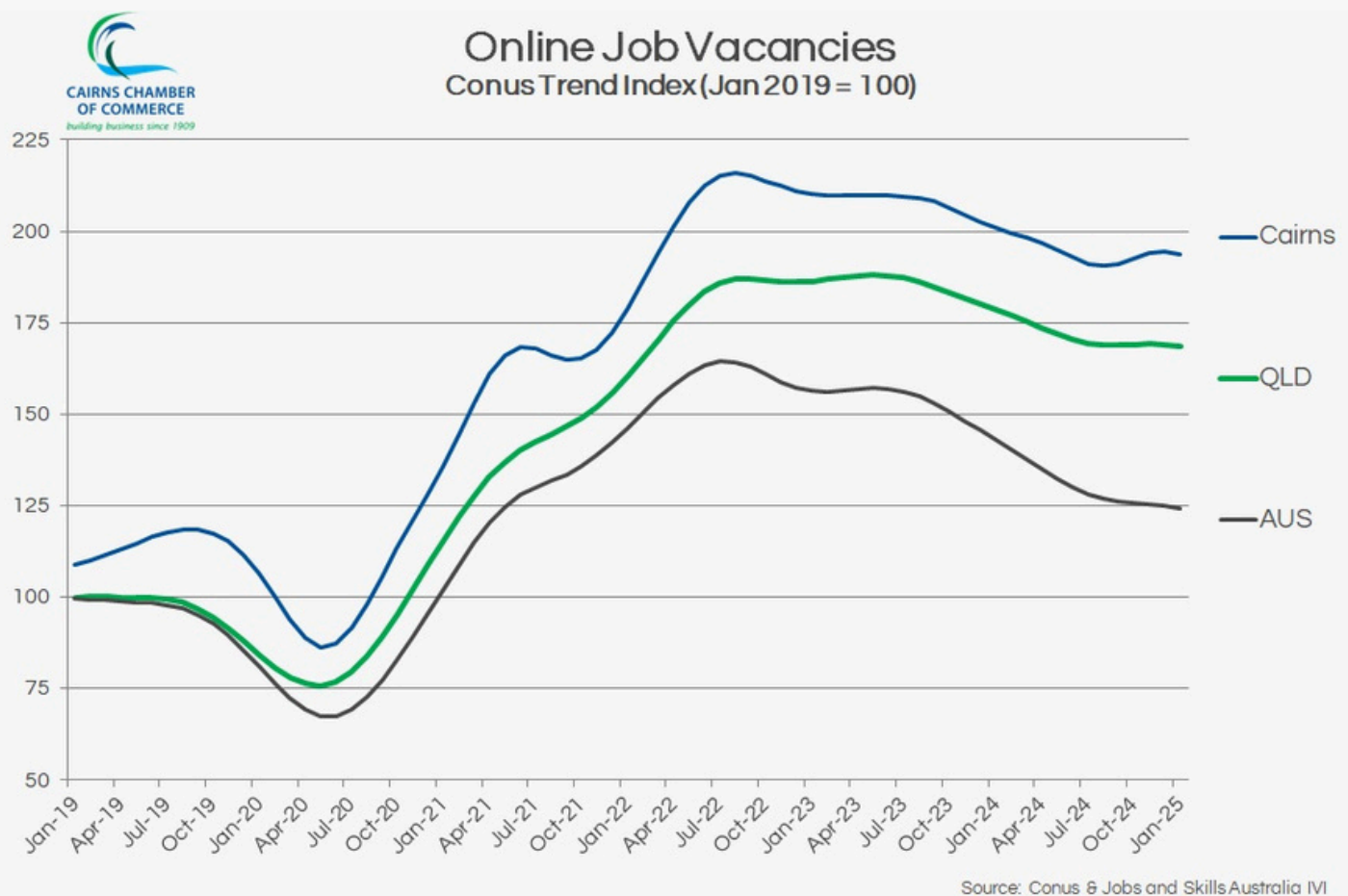
Whilst not quite as strong as the results in Queensland, across Australia the labour market also remains strong. January saw another 33,700 employed added. However, unlike in Queensland, the pace of employment growth has been picking up in recent months and is now back to 3.0% pa (its best pace since the end of 2023). The fact that the labour market has remained so strong over the past year will have been one of the primary reasons why the RBA were so slow to cut rates; and it is likely to be a continuing reason why further cuts may be less dramatic, and later, than some would hope for.

Credit: Tourism Tropical North Queensland





Online job vacancies, while having seen a slow and steady decline since their peak in mid-2022, also remain strong. This is especially true for Queensland, and even more so for Cairns where the decline has been much less marked than nationally.



## Unemployment

The January Trend unemployment rate in Cairns has remained stable at 4.2% which is a little higher than the State and national levels. With such a strong rate of participation (as noted above) the fact that the unemployment rate remains at such historically low levels is testament to the underlying strength in the Cairns labour market.

### UNEMPLOYMENT RATE



→ **4.0%**  
Last month 4.0%



→ **3.9%**  
Last month 3.9%

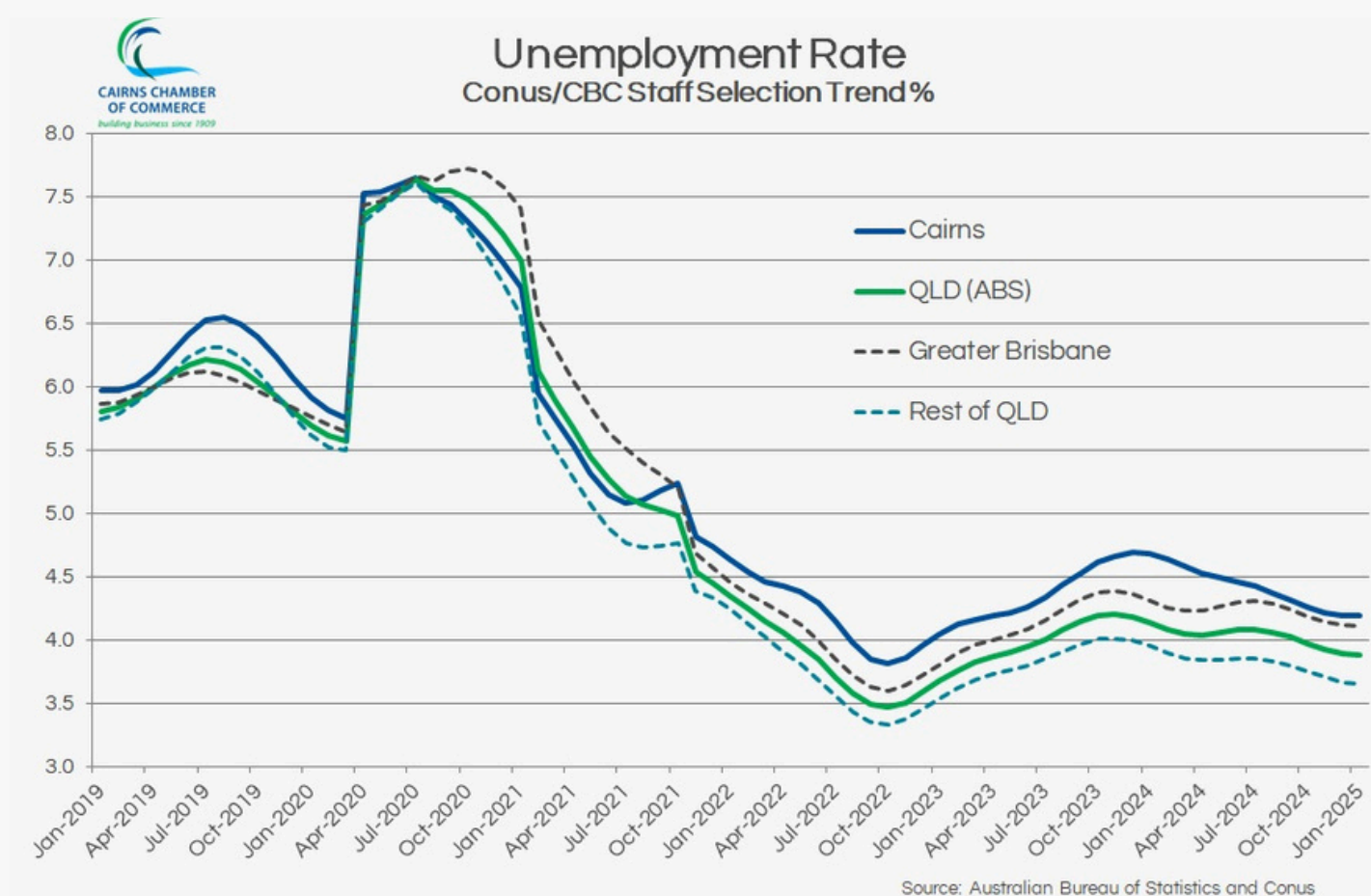


→ **4.2%**  
Last month 4.2%



Despite Participation in Queensland having increased to a 14 year high over the past five months, the unemployment rate has managed to decline steadily and slowly and now sits below the national level at just 3.9%.

The national Trend unemployment rate was stable at 4.0% in January and has been remarkably stable at either 4.0% or 4.1% for each of the past 11 months. In their most recent Statement on Monetary Policy the RBA noted that their expectation for the future unemployment rate, by the middle of 2025, had materially improved from 4.5% (forecast in November SOMP) to just 4.25% in the February SOMP. To quote the RBA, "The labour market is not expected to ease much further."





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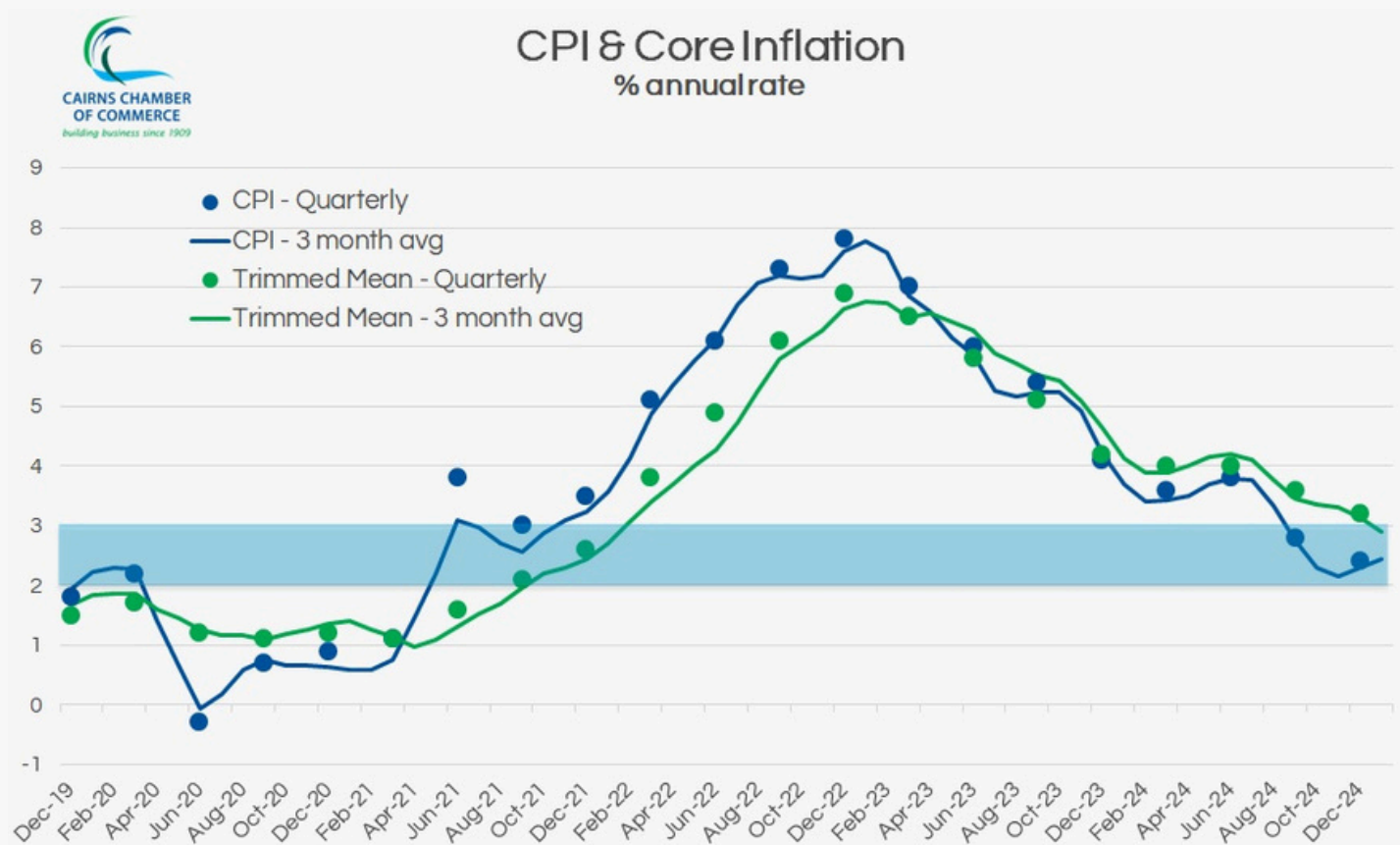


# INFLATION & INTEREST RATES

The CPI data for the final quarter of 2024 came in at 2.4%, which sits close to the mid-point of the RBA's 2-3% target range for the first time since COVID. However, the RBA's preferred inflation measure is Trimmed Mean (which excludes items at the upper and lower ends of inflation distributions and aims to 'smooth out' seasonal impacts). The impact of cost-of-living relief efforts made by both State and Federal Governments has materially distorted the headline CPI. This is clear when you consider that CPI in Brisbane was just 1.8% and in Regional Queensland even lower at 1.3% on the back of the Queensland Government electricity rebates. It is therefore even more relevant that we focus our attention, like the RBA, on the Trimmed Mean. Doing so tells us a somewhat different story with the 4th quarter data still showing a 3.2% increase. However, the January monthly inflation data (which does not precisely reflect the quarterly CPI releases) suggests that

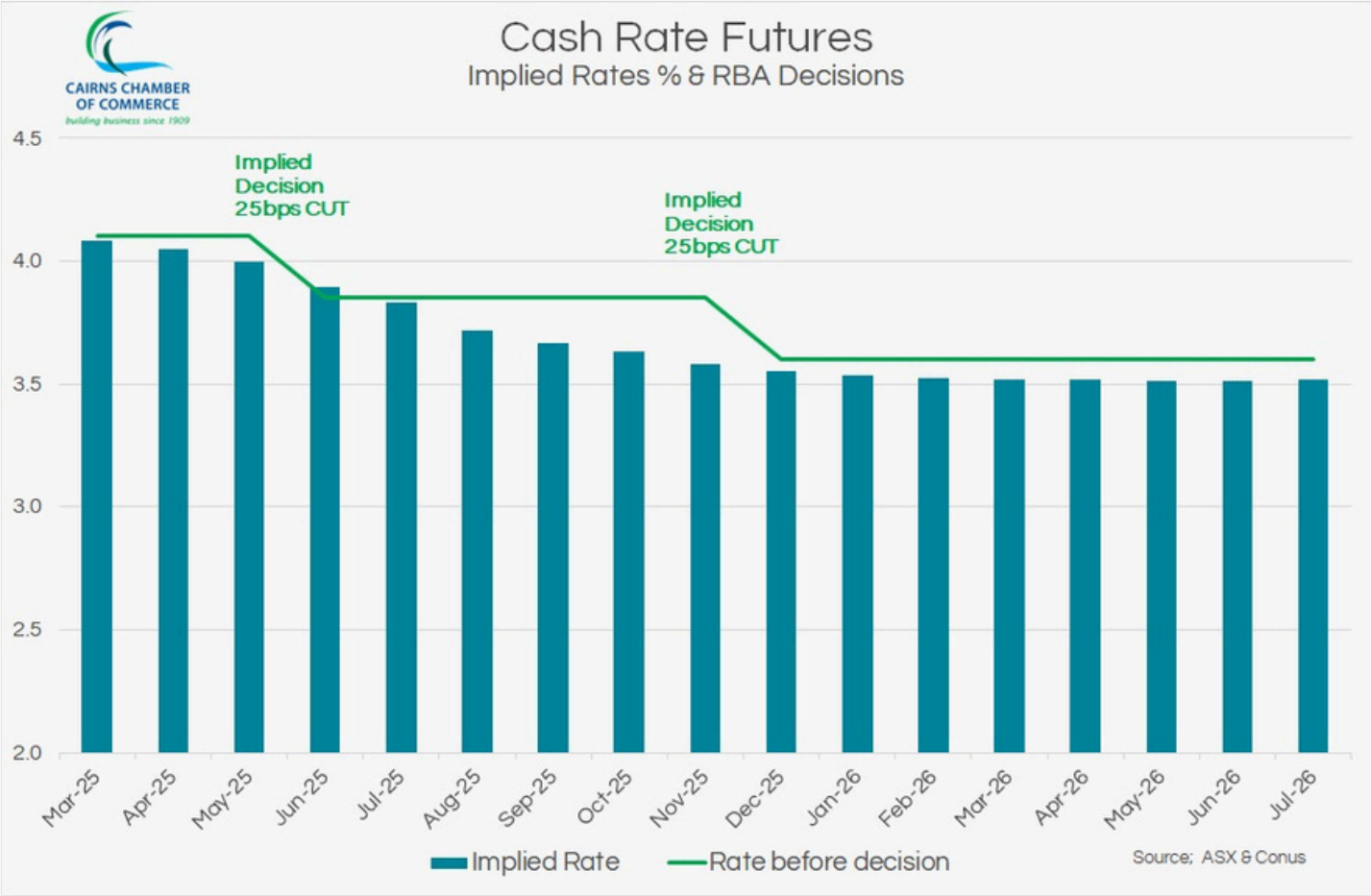


Trimmed Mean inflation is moving back into the RBA's target range: the 3-month average of the monthly Trimmed Mean (which has historically been a good indicator for the quarterly releases) shows Trimmed Mean inflation down to 2.9%.



Given this delay in core inflation moving back into target range it's no surprise that the Bank has been slow to move on interest rates despite much pressure from all sides. Finally, at the February meeting the RBA agreed to cut the Cash Rate target from 4.35% to 4.10%...the first cut since November 2020! The press release after the RBA meeting made it clear that the Board were still cautious, not least because the outlook for the labour market was more positive than previously (see section below). Indeed, the RBA explicitly noted that "while today's policy decision recognises the welcome progress on inflation, the Board remains cautious on prospects for further policy easing."

The futures market has taken that caution onboard and is now pricing in another 25bps cut around May but nothing further until a cut much later in the year.



Credit: Tourism Tropical North Queensland



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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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#### Contact Us

📍 123 Sheridan Street,  
Cairns QLD 4870

📞 07 4046 1111

✉️ [cairns@wgc.com.au](mailto:cairns@wgc.com.au)





# BUILDING APPROVALS

## TREND APPROVALS

↓ **76**  
Dec 2024

## TREND RATE OF APPROVALS

↓ **14.5%**  
year on year

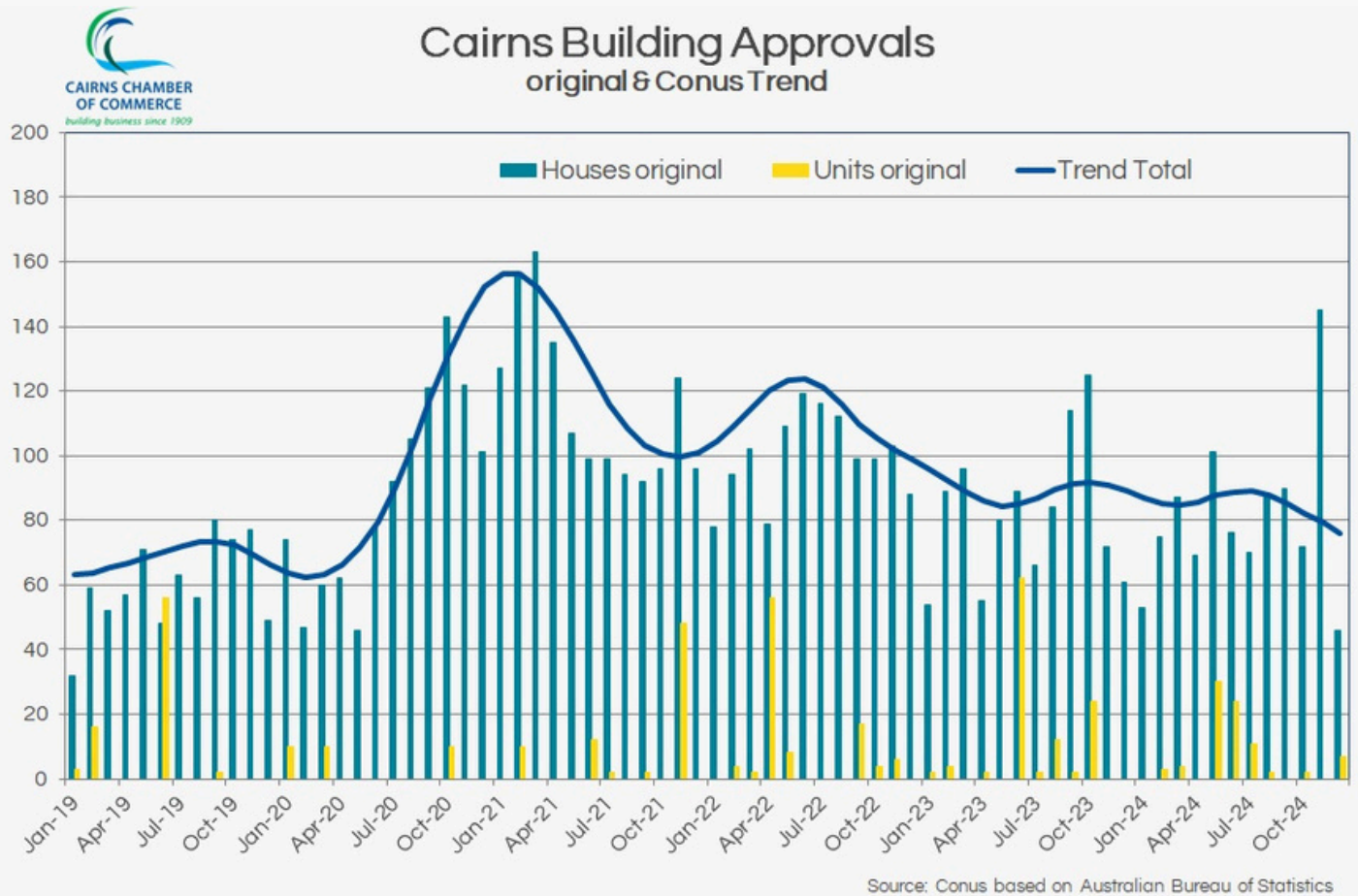
After what appeared to be a stabilisation in the number of building approvals in Cairns during the first half of 2024, we have seen a steady decline since. The latest data to December shows the Trend rate of approvals in Cairns just 76 which is the slowest pace since May 2020, and is down 14.5% over the year.

This decline is more disappointing coming, as it does, in the face of a solid improvement across the nation and State. Approvals in Australia are now up 14.7% y/y while in Queensland the increase is an even more impressive 21.3% y/y.

With the shortage of housing such a significant issue in Cairns (as it has been for the past few years), and with the impact this shortage is having on real estate prices and rents (see Real Estate section below) it is imperative for the prospects of the region that we see a marked improvement in the number of approvals.




Building Approvals are a key leading indicator for the prospects of the construction sector over the coming year so it will be concerning for the sector looking to 2025 that the pipeline of approvals at this stage is so weak.



Credit: Tourism Tropical North Queensland







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Credit: Cairns Regional Council



# REAL ESTATE

Property prices continue to move ahead very strongly in Cairns and with interest rates now having fallen, and the likelihood of further cuts to come, the prospect for real estate prices continues to look healthy. Median house prices are continuing to move up sharply and now sit 27% above their level a year ago at \$684K. Over the course of the past five years (i.e. just before COVID) median house prices have risen 84% in Cairns. Median unit prices are also strong, although the pace of growth has eased a little and are now up 17% from a year ago at \$397K and are up 67% from five years ago.



Source: SQM Research



## MEDIAN PRICE



Unit  
**\$397,000**  
+ 17% y/y

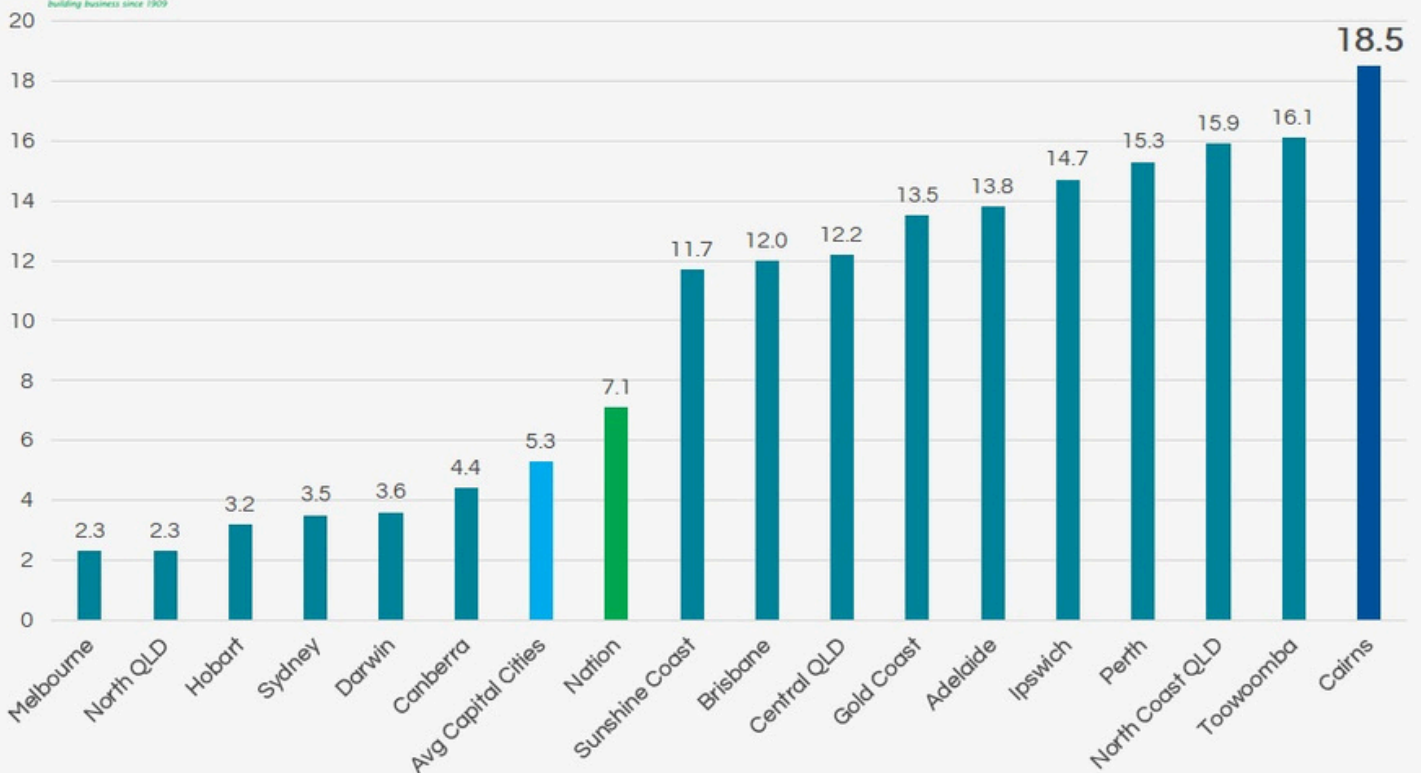


House  
**\$684,000**  
+ 27% y/y

Taken together the real estate market in Cairns has witnessed growth of 18.5% pa over the past three years which makes it one of the best performing regions in the country over that period. The national average has been just 7% pa with Cairns performing better than any Capital City (the best of which has been Perth at 15% pa).



## Real Estate Prices 3 year pa %



Source; SQM Research, combined asking price



Credit: Cairns Regional Council



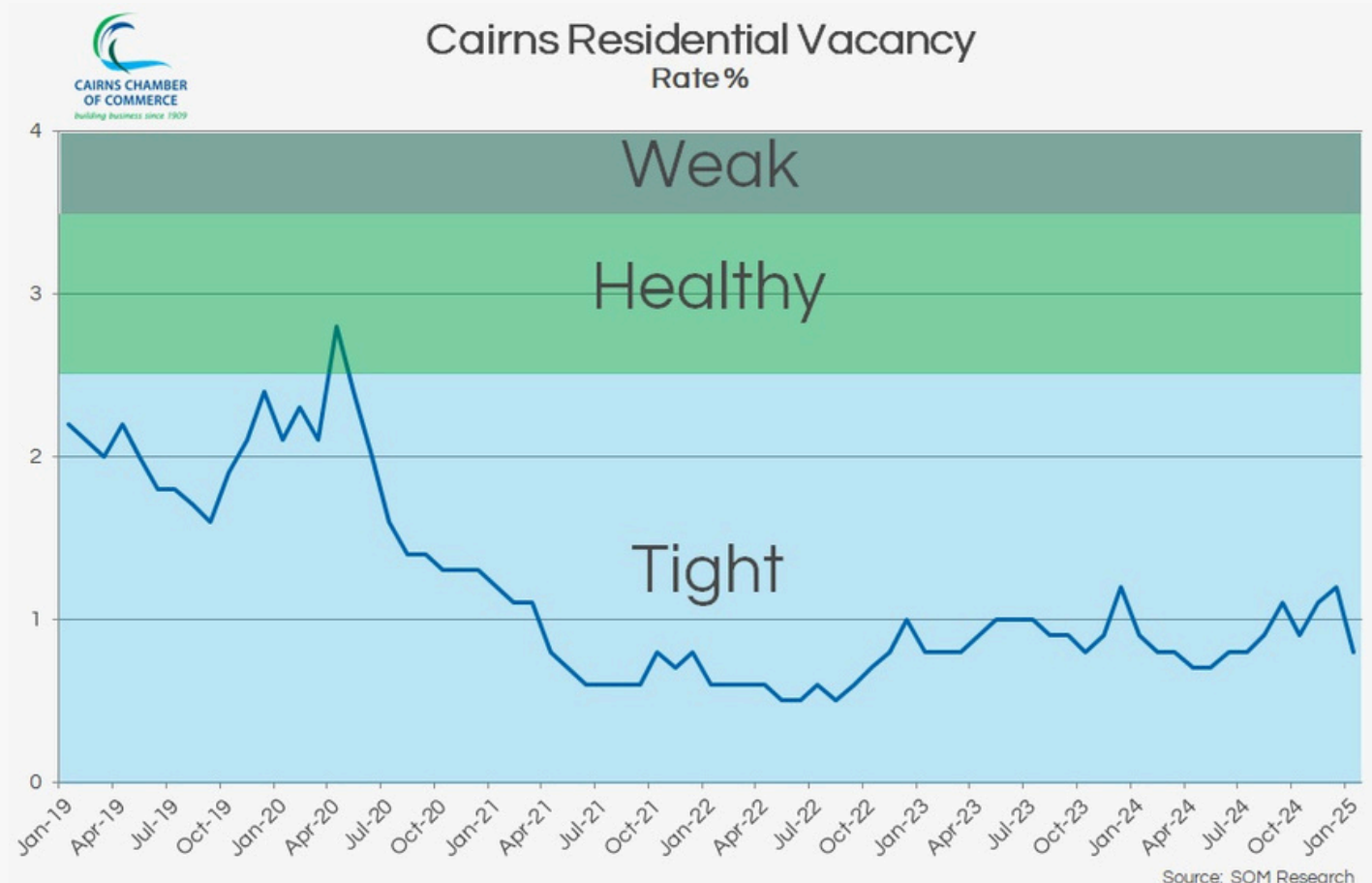
# RENTALS

The ramp up in rents has certainly slowed during the past year, although both house and unit rental rates remain 12-13% higher than a year ago. The rental vacancy rate, which spent a few months above 1% at the end of 2024, as once again fallen back and was just 0.8% in January.

## VACANCY RATE

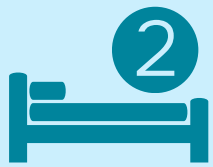
↓ **0.8%**

Previous month 1.2%





## MEDIAN RENTALS



2-bed unit

**\$513 p/w**

+ 13% y/y



3-bed house

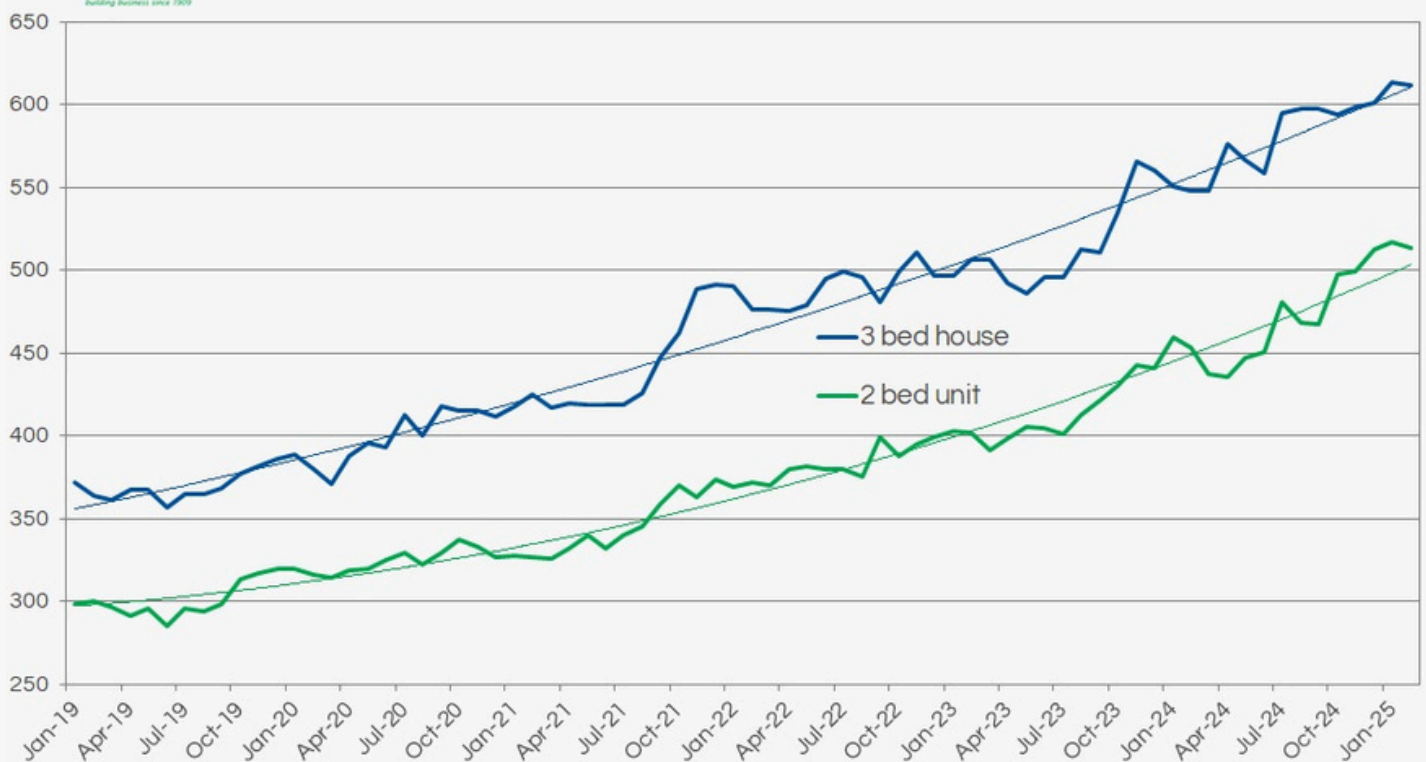
**\$612 p/w**

+ 12% y/y

The rental market is extremely tight, and this continues to present a major challenge to the growth prospects for the region. There is plenty of anecdotal evidence of businesses struggling to attract workers while the availability of rental property is so constrained.



### Cairns Median Rents \$pw



Source: SQM Research

Credit: LJ Hooker Edge Hill







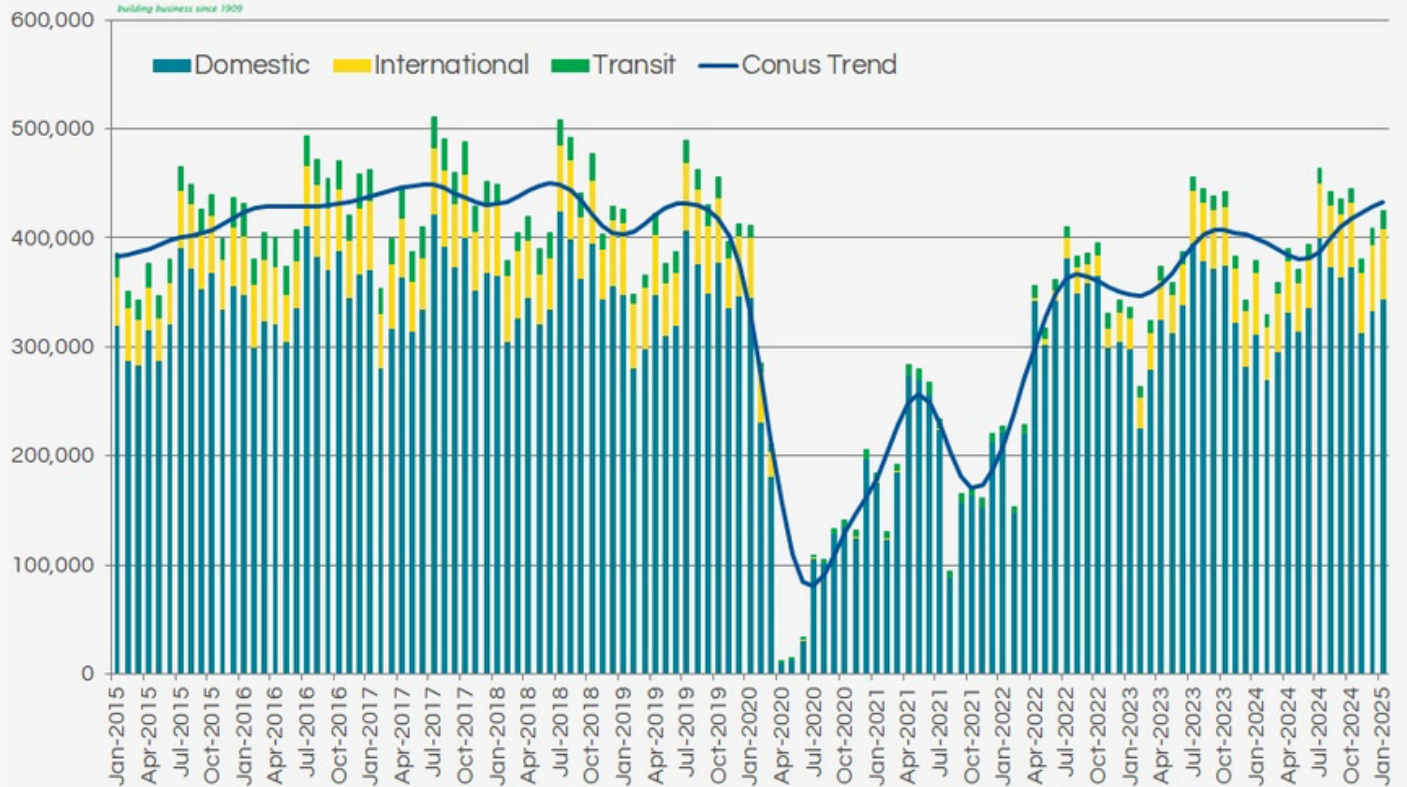
# TOURISM

The latest passenger number data from Cairns Airport (for January) confirm an ongoing recovery which has the Trend seasonally adjusted total at levels not seen since September 2018. The raw data shows Domestic passenger numbers at their highest January level since January 2020 while international numbers are at their highest (barring just one month) since the start of 2019.

As new and expanded international (and to some extent domestic) routes open-up into Cairns the prospect that international tourism will consistently exceed its pre-COVID level appears imminent. Clearly the make-up of those international passengers will be very different than pre-COVID. Chinese numbers have barely recovered at all (although data for the Chinese New Year will be interesting when released next month) while Japanese route passengers, at about 32,000 per month, are now in excess of their pre-COVID averages.



## Cairns Airport Total Passengers monthly



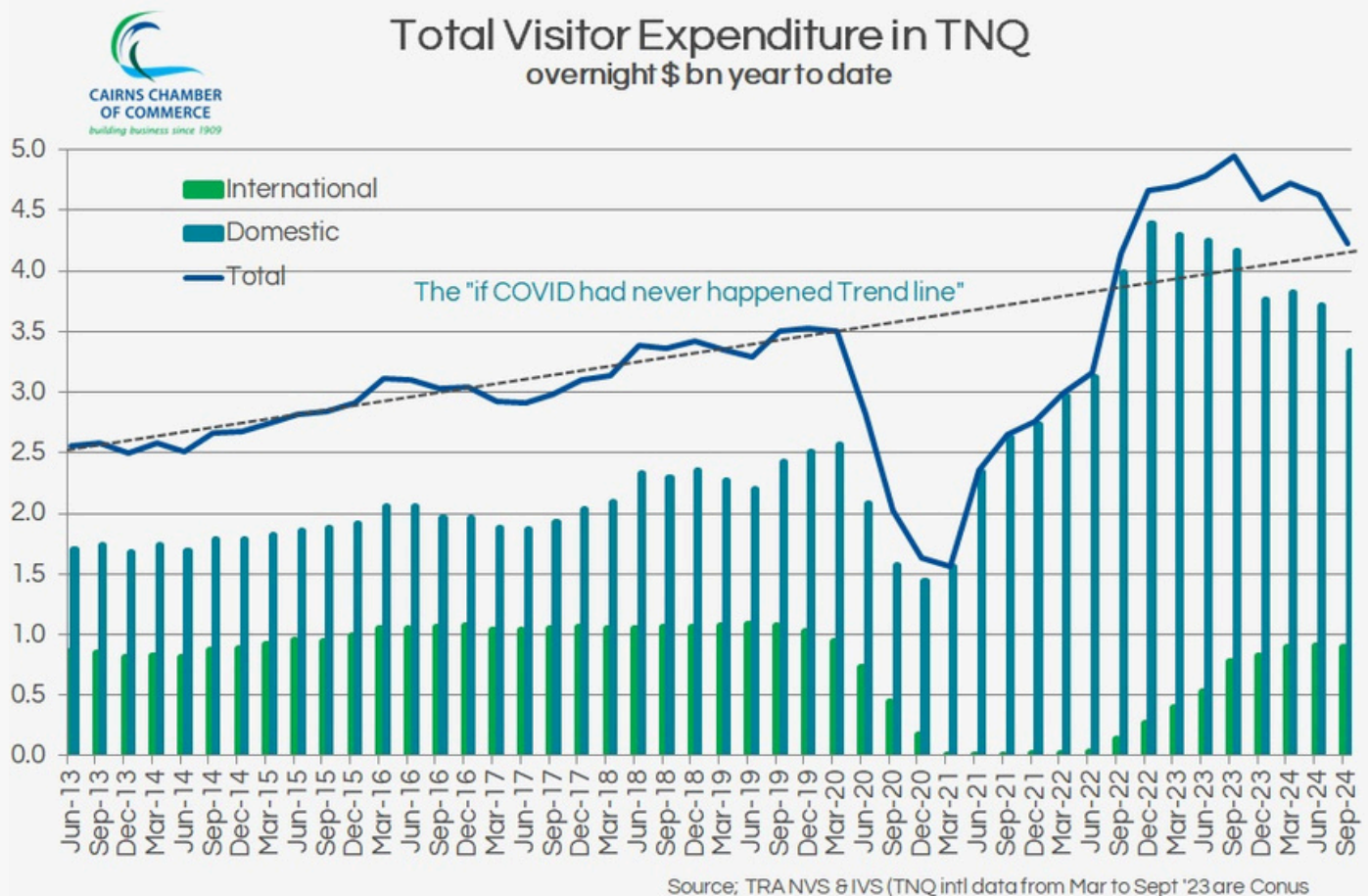
Source: Cairns Airport & Conus

Credit: Tourism Tropical North Queensland





The most recent official Tourism Research Australia tourism data for the September 2024 quarter showed us that domestic tourism expenditure had continued to contract. This slowdown in domestic tourism over the past 2 years had largely been expected, following as it did on the back of a COVID-induced surge in the years prior. Nevertheless, the scale of the contraction has been disappointing and suggests that TNQ has been unable to hang-on to the advantage that COVID lockdowns and border closures provided it. As international tourism continues its slow and steady recovery (which the Airport data above suggest has continued into 2025) we would hope that the trajectory for total tourism expenditure in the region, as we move into the first quarters of 2025, will show a return to growth to at least match the 'if COVID had never happened' Trend.





# A WORD FROM OUR SPONSORS



“ Cairns property owners and landlords have benefited significantly from price increases over the past few years, driven in part by a local supply squeeze influenced by Jasper. Looking ahead, continued growth is likely to be driven more by macroeconomic factors rather than known local catalysts. The local economy does not have many “game-changing” job creating projects on the horizon and appears to be entering a period of steady, incremental change.

The property markets continued growth will likely be shaped by migration trends and interest rate movements, while the tourism sector’s performance, particularly discretionary spending, will be driven by global economic conditions.

---

**Michael Wilson**  
Partner, PVW Partners

“ WGC Lawyers is proud to sponsor the Cairns Economic Monitor. We believe in supporting informed decision-making and fostering local growth, both being vital for the prosperity of our region. As legal advisors, we understand the importance of a strong, well-informed economy. This report promises a clear picture of current trends, empowering businesses and individuals alike. We hope this resource contributes to your success and we look forward to next month's update, as we continue to track and share the economic landscape.

---

**Rhiannon Saunders**  
Managing Director, WGC Lawyers



“ The Cairns property market remains robust in early 2025, driven by limited stock and ongoing demand, particularly for properties under \$700,000. Southern investors continue to support price growth and recent CoreLogic data highlights steady increases across regional Queensland, fuelled by affordability and migration trends. While unit sales prices have stabilised at \$375,000, the overall market remains strong. The average days on market for both houses and units is around 18 days, reflecting a fast-moving market. The recent RBA cash rate cut is expected to boost buyer confidence, further driving demand.

---

**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 Consulting 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

## MARCH 2025

**18**  
MAR

### Annual General Meeting

10:15am - 11:15am

Pullman Reef Hotel Casino

**18**  
MAR

### March Business Luncheon - Tourism Industry Update

11:30am - 2pm

Pullman Reef Hotel Casino

**24**  
MAR

### ESG Strategy Workshop - Navigating Sustainability Reporting and Compliance

2pm - 5pm

Hilton Cairns, "The Hub" Function Room

## APRIL 2025

**11**  
APR

### April Business Luncheon - Cairns Airport Update

11:30am - 2pm

Hilton Cairns



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**Publisher & Editor**  
Cairns Chamber of Commerce  
**Data Analysis & Commentary**  
Pete Faulkner

**Contributors**  
WGC Lawyers  
PVW Partners  
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