

JUNE 2026



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CAIRNS ECONOMIC MONITOR

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SNAPSHOT

The labour market in Cairns remains robust with another 200 added to Trend employment and the Trend unemployment rate stable at 4.4%. Cairns is one of fewer than 10 Queensland regions where the unemployment rate has fallen in the past 6 months, and it has seen the second largest such decline over that time. Nevertheless, the pace of employment growth continues to lag slightly behind the Queensland and national rates.

After a ramp up to 4.6% in March the Headline CPI figure for April has fallen back to 4.2%, which was somewhat below market expectations, on the back of some moderation in fuel prices. Nevertheless, the measure that the RBA really cares about is Trimmed Mean and this edged slightly higher to 3.4% (from 3.3%) and, even more crucially for RBA decision-makers, was at 3.5% for the March quarter. The markets are still pricing a further 25 bps hike in rates in the final quarter of this year to 4.60%.

March saw something of an improvement in the number of building approvals in Cairns and as a result, although the Trend series edged lower, we have seen some positive revisions to previous months which may translate in the future into a reversal of the declining Trend which has been in place since August last year. It's certainly too early to say that the corner has been turned but at least the data is suggesting that there is something of an improvement underway.

While we wait for the official Tourism Research Australia tourism data for the year to the end of the March quarter (which is due for release later this month) we can consider our own regression modelling as a guide for what we might expect. Using a raft of available tourism-related data our best estimate is that total overnight tourism expenditure in TNQ has lifted slightly in the first quarter to \$4.15 billion. Most of this lift has come from a continued improvement in international visitor numbers which are now back to pre-COVID levels, albeit with a markedly different composition.

The recent release of Gross Regional Product data at the Local Government Area level for the 2024/25 year shows that the Cairns region's economy went backwards in that year. GRP fell by 0.9% across the region, although the declines were far from uniform with the Cairns Regional Council recording only a 0.4% drop while Douglas Shire Council fell 4.9% on the back of some devastating impacts to their tourism economy.





BUILDING APPROVALS

TREND APPROVALS

↓ **100**
MAR 2026

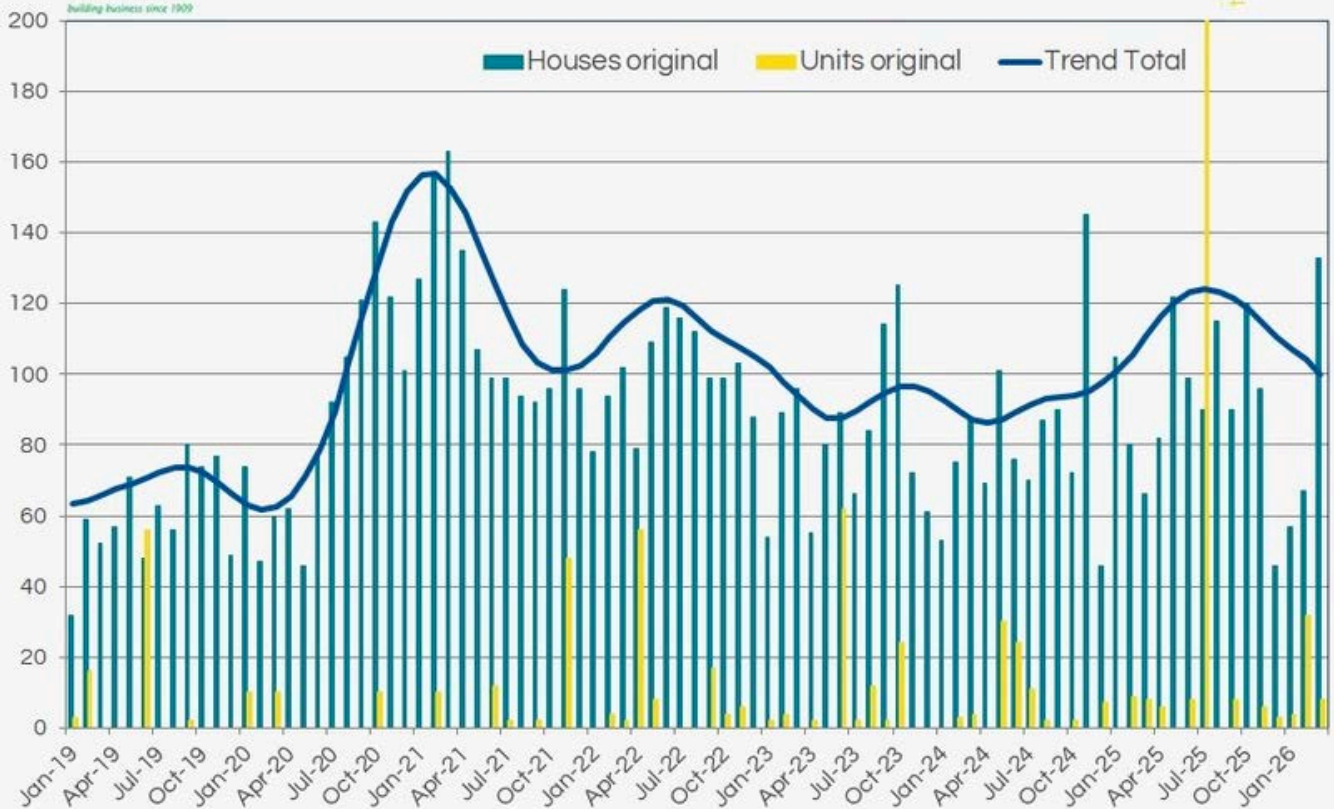
TREND RATE OF APPROVALS

↓ **-10.0%**
year on year

The Trend series for March has moved a little lower again this month, although once again we have also seen some upward revisions to previous months. These upward revisions have insured that while the trend remains weaker the degree of weakness has at least moderated in recent months.

The Trend (unadjusted for the Woree units) now sits at 100. This is its lowest monthly level since December 2024 and is down 10% from a year ago. However, this monthly Trend series does not tell us the full story about actual approvals over the year. For the 12 months to March 2026 Cairns saw a total of 1,100 dwelling approvals (1,007 houses and 93 units). For the 12 months to March this year that total number has increased to 1,807 (1,117 houses and 690 units – which includes 468 Woree units).

Cairns Building Approvals original & Conus Trend



Source: Conus based on Australian Bureau of Statistics

While house approvals for the year have nudged a little higher, unit approvals (even when we ignore the Woree units) have increased from 93 to 222. This apparent divergence between the actual original data and the Trend estimate is the reason we have seen upward revisions to previous months and suggests that we can expect to see further upward revisions in the months to come. While the Trend series tells us a nuanced story which attempts to smooth out some of the volatility in this data set we must also acknowledge that inflection points in the Trend will be somewhat delayed due to the nature of the methodology.

As we noted last month, while it is encouraging to see that total approvals (even if we ignore Woree) have increased over the course of the past 12 months the fact that the raw data for March was firm (a total of 141 approvals), it is still the first month in the last 5 where approvals have exceeded 100. If we are to see a material improvement in approvals that will have (at a future date) a positive effect on housing availability, then we will need to see this month's improvement replicated in future months.

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YOUR LOCAL EXPERTS

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📍 123 Sheridan Street,
Cairns QLD 4870

☎ 07 4046 1111

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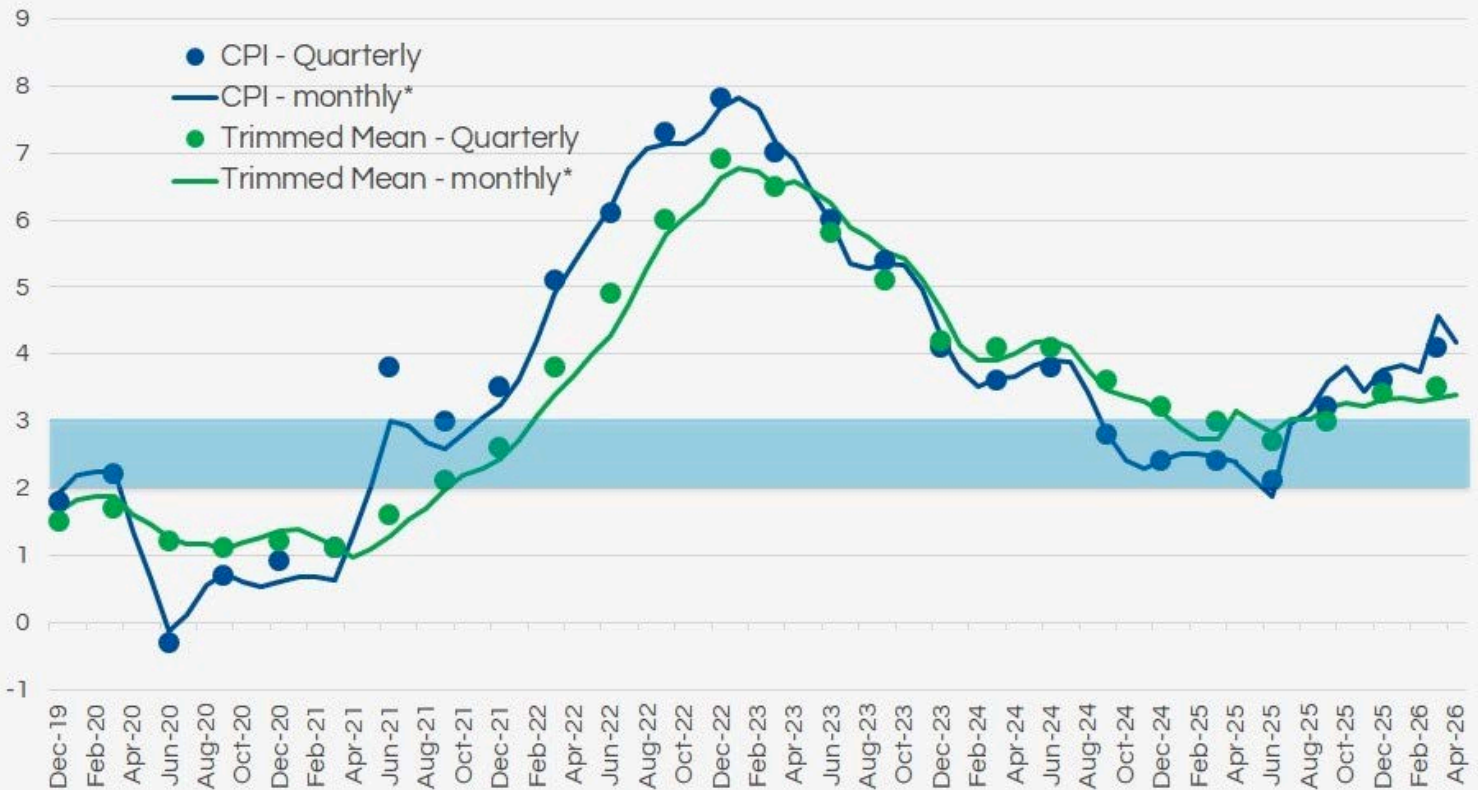


INFLATION & INTEREST RATES

While the impacts of the war in Iran are still clear in the April data, the headline CPI for April came in a little weaker than market expectations, which had been looking for an annual figure around 4.4%. The monthly increase was just 0.4% (after 1.1% last month) for a year-on-year 4.2% (down from 4.6% in March). Having seen Transport costs rocket 9.2% m/m in March the decline in fuel prices as the tensions in Iran eased somewhat led to a 2.7% m/m drop in April.

As we always note, it is the monthly Trimmed Mean (which strips out the 'noise' of highly volatile items) which is the measure most closely watched by the RBA. The Trimmed Mean was broadly in line with expectations at 3.4% y/y (up from 3.3% in March) as some of the impact of higher fuel prices feeds through the broader economy. Given we know that, at least for the time being the RBA are focused more on the 'old' quarterly Trimmed Mean rather than the 'new' monthly, and that the March quarterly figure was 3.5% this data is unlikely to shift the dial at the RBA ahead of their meeting on June 16th.

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

Even if the war in Iran were to come to an end immediately (which looks very unlikely) the inflationary effects will be felt for some time and the RBA have made it abundantly clear that they are focused on ensuring inflationary expectations do not get baked into the economy. However, price stability is not the only concern of the RBA and, as we note below, the somewhat weaker than expected seasonally adjusted employment data has seen the futures markets slightly moderating their expectations for future rate hikes.

At this stage the futures market is implying one more hike (to a terminal rate of 4.6%) in the final quarter of this year with rates then on hold well into 2027.

Cash Rate Futures Implied Rates % & RBA Decisions



Photo credit: Tourism Tropical North Queensland



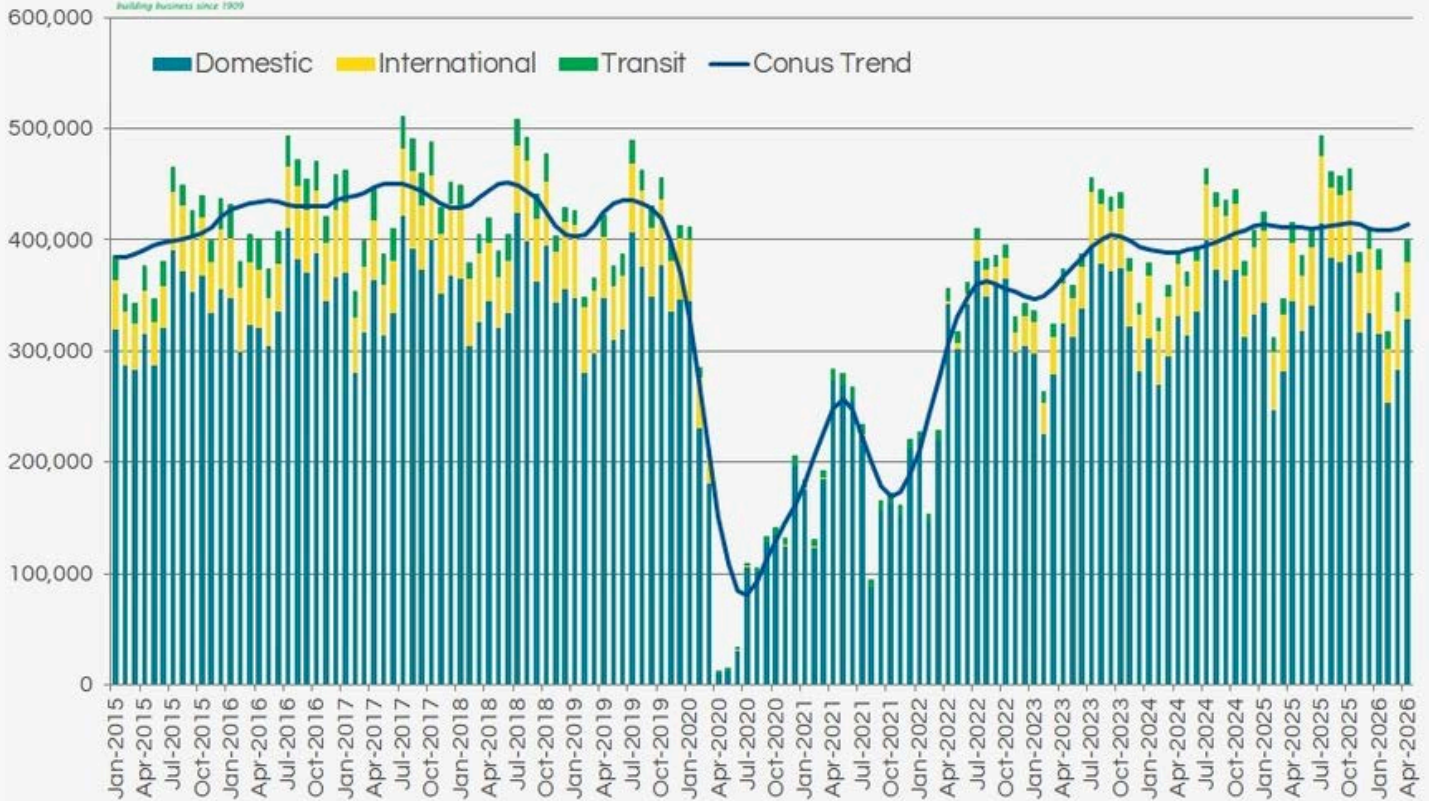


TOURISM

Original data from the Cairns Airport shows passenger numbers rebounded again a little in April, although they are still down 4% from a year earlier. However, the seasonally adjusted Trend series has finally turned positive for the year and, after four consecutive months of decline, was up 0.9% for the year in April. The strength is coming primarily from growth in the international sector where the Trend shows a 5.5% increase for the year and is now back to levels we have not seen since August 2019. The far larger domestic sector is not performing as well with the Trend still down 0.2% for the year (the fifth such monthly consecutive decline) and remains approximately 6% below the pre-COVID highs from mid-2019.

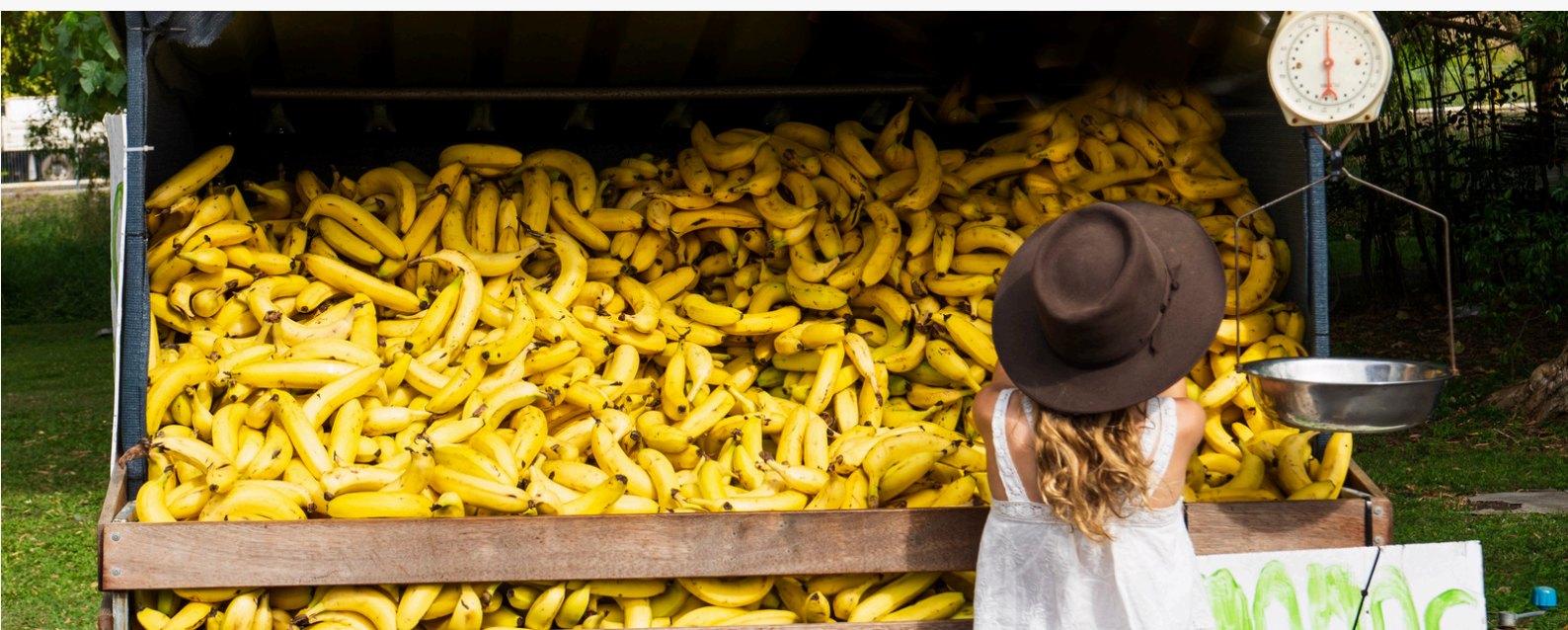
We are still waiting to see the official tourism data for the March quarter (to be released later this month). However, national data for international visitors over the March quarter show that some of the traditionally significant markets for our region, including China, USA, Japan and UK, are showing encouraging signs of strength. The total number of international visitors to Australia over that quarter from these 4 major markets all show solid growth over the same quarter a year ago; China +12.2%, USA +2.5%, Japan +12.0%, and UK +5.3%. We would expect some of this strength in the national data to be reflected in the tourism data for TNQ for the year to March 2026.

Cairns Airport Total Passengers monthly

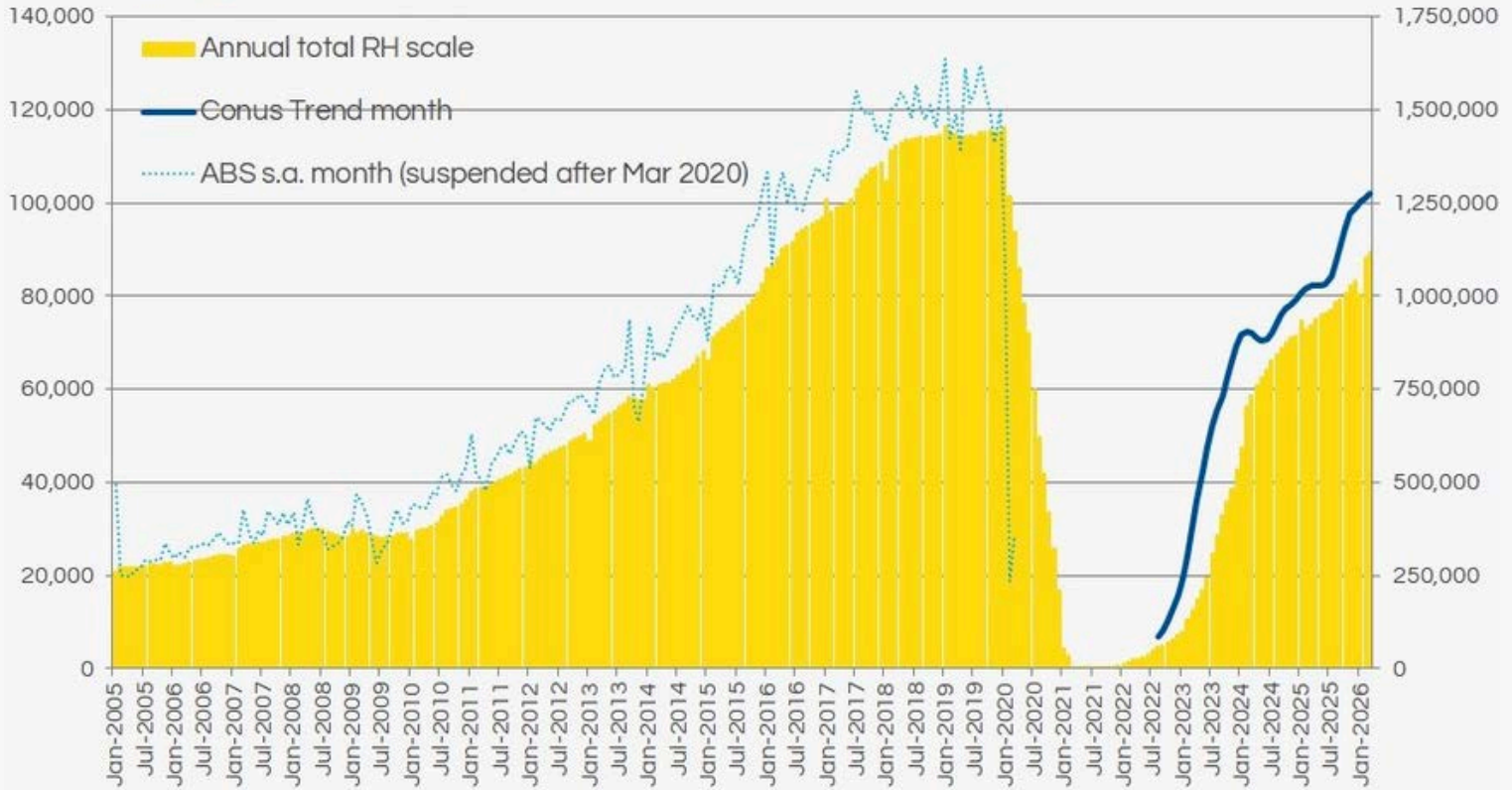


Source: Cairns Airport & Conus

Until then we will have to rely on our own regression modelling. This underwent some serious revisions last quarter when we finally got access to the full domestic data using the new DoTS methodology. Our estimates for the year to March 2026 are that international expenditure, in light of the strength noted above, will edge slightly higher to \$1.25 billion (up from a record high of \$1.2 billion) while domestic expenditure picks up a little to \$2.9 billion (on the back of an increase in the average daily spend).

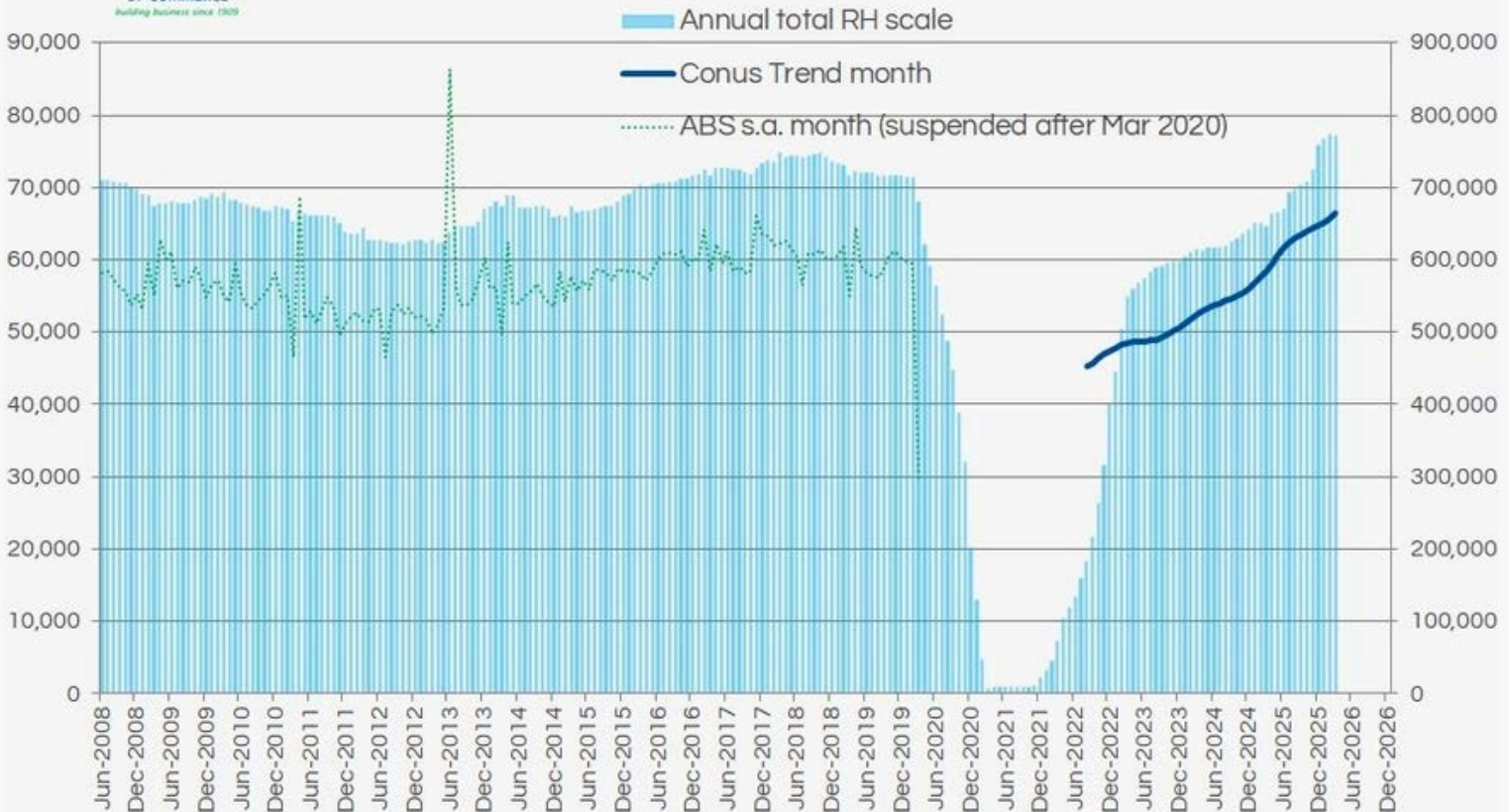


Chinese Visitors to Australia



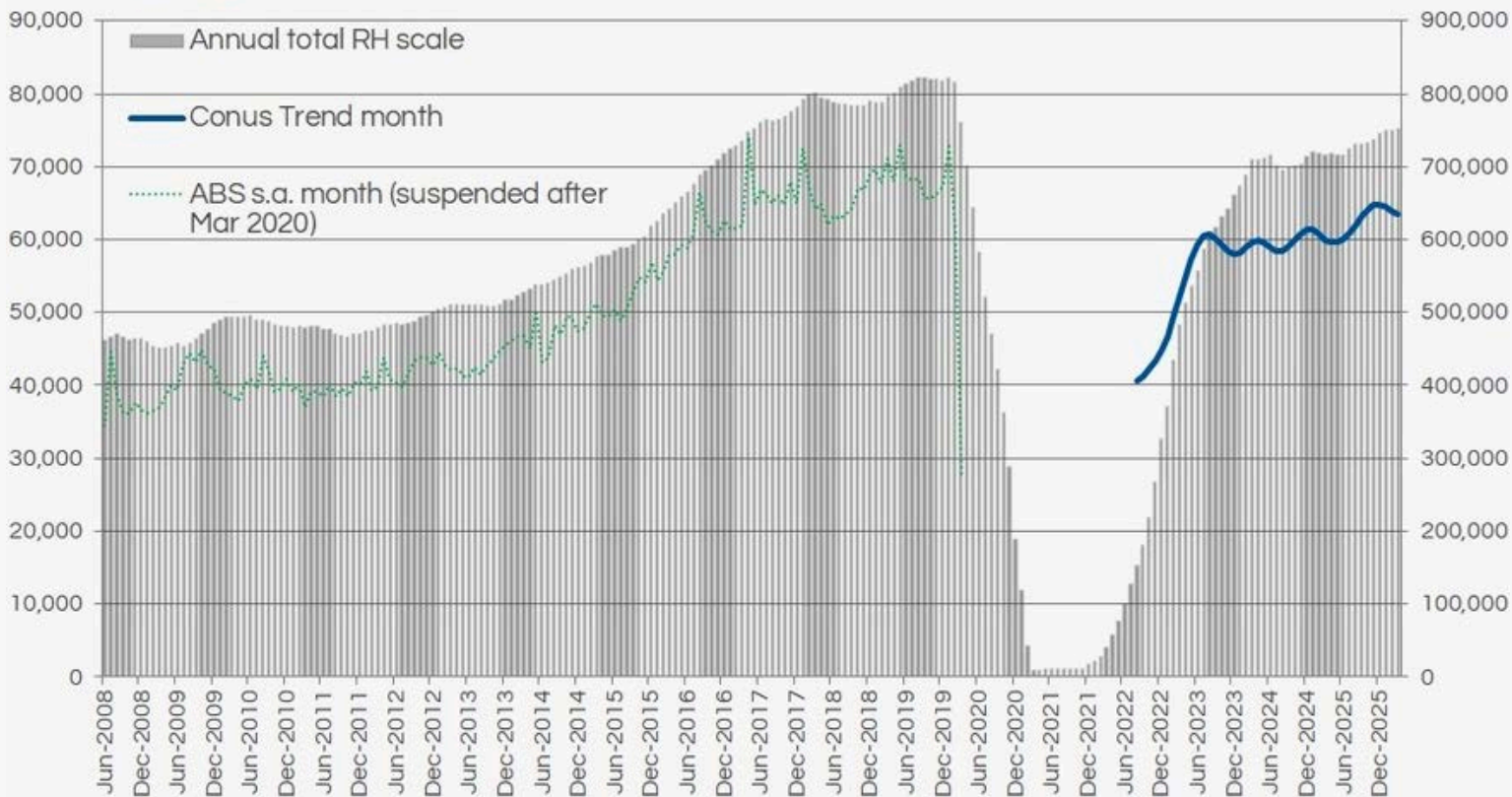
Source: Australian Bureau of Statistics

UK Visitors to Australia



Source: Australian Bureau of Statistics

US Visitors to Australia



Source: Australian Bureau of Statistics



Photo credit: Tourism Tropical North Queensland

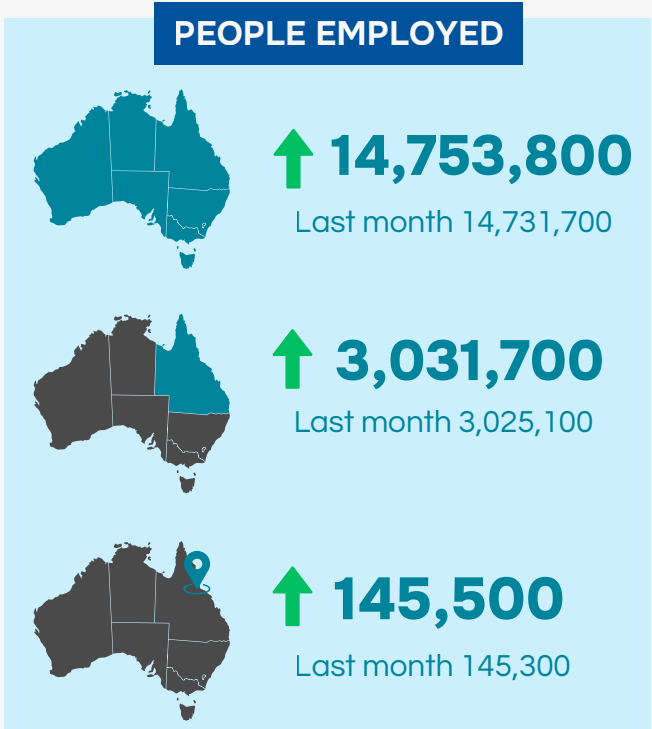


LABOUR MARKET

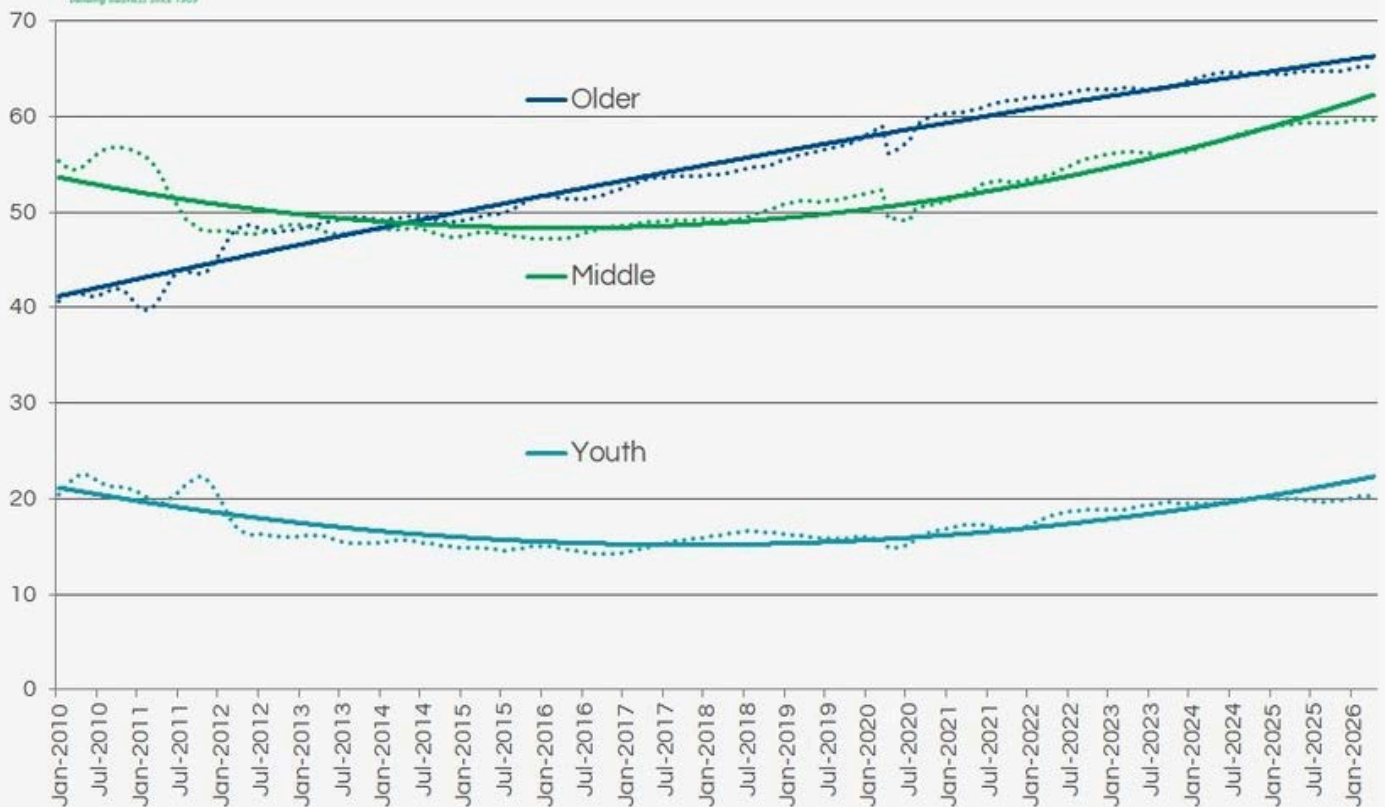
Employment

Trend employment growth was modest in March with only another 200 added to the number in work. This takes the annual rate of growth to 1.1%. Employment has been growing at this pace for the past 3 months and while this is a healthier pace than the last quarter of 2025, it remains well below the almost 3.1% rate 18 months ago.

For the past few years we have been watching the changing structure of the Cairns labour market. Not only have we seen a huge increase in the number of females employed, but the age breakdown of those employed has also seen major changes. As the chart makes clear in the past 12 years we have seen those over 45 years of age become the largest single cohort of workers. Recently the pace of growth of younger workers has picked up significantly and it now sits at 1.6% annually, although this is merely reversing a negative trend that we had seen for this cohort and takes the total number of young people employed back to levels seen 15 years ago.



Cairns Age Employment Conus/CBC Staff Selection Trend 000s

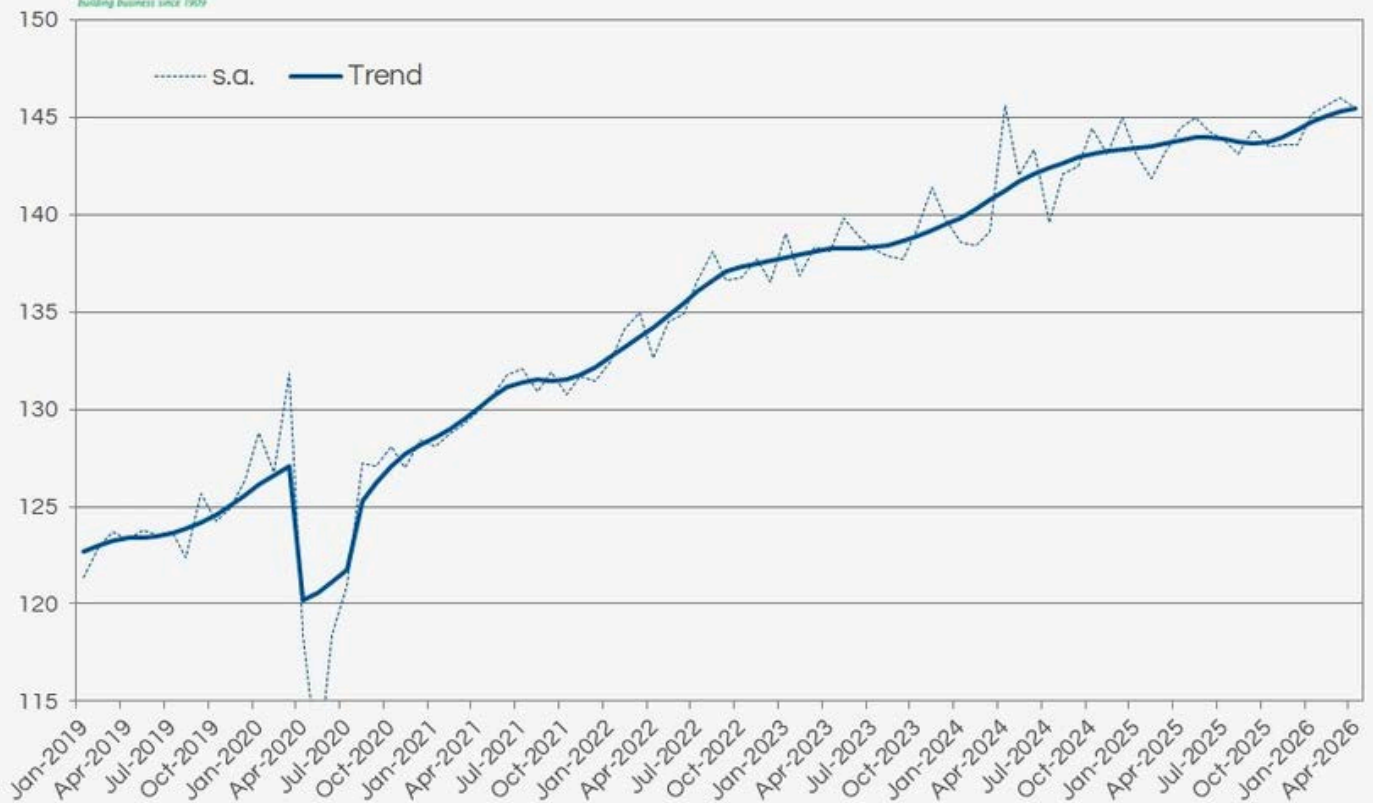


Source: Australian Bureau of Statistics and Conus/CBC Staff

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 should have access to the next release of data for full and part-time employment by the time of our next issue.

Trend employment growth in Queensland picked up slightly in April to 1.4% y/y (along with some downward revisions to previous months) with another 6,600 added to the number in work, although this remains well below the pace of growth seen throughout the early part of 2025. Encouragingly, for the second consecutive month, the pickup in employment growth has come largely from full-time employment which has increased in each of the past 6 months and in April saw the biggest gain (5,900) since December 2024.

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



Source: Conus derived from ABS original

A similar, although noticeably less strong, story holds true at the national level. Trend employment across Australia grew by 22,100 in April to take the annual pace of growth to 1.3% (after some downward revisions) which is its fastest pace since September last year. Almost 15,000 of that increase came in the form of full-time positions. However, we have to note that the more volatile (and therefore more loved by media commentators) seasonally adjusted series showed employment fell 18,600 in the month.

While this could point to a much weaker outcome than expected we need to bear in mind that the volatility in this series is not unexpected or unusual. Back in November last year the s.a. series showed a 38,900 drop in employment which was promptly followed in December by a 57,800 increase! This is why we prefer to focus our analysis on Trend series. Labour market conditions have certainly eased a little over the past 12 months, and although the s.a. weakness could point to further weakening in the future.

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Regional Australians Growing Regional Australia

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



Source: Conus & Jobs and Skills Australia IVI

That possibility is the reason the markets eased off their expectations for more rate hikes after the labour force data release.

The Online Job Vacancies data for April shows our region performing very similarly to the National average, and confirms that the labour market has tightened a little over the past few months. Vacancies have risen 0.6% across Australia over the past 12 months are up 0.6% in Far North Queensland, and a slightly weaker 0.5% in Cairns SA4. Queensland continues to outperform with vacancies up 1.3% for the year.

However, as the chart makes clear, over the past 7 years Cairns has performed significantly better than both State and National average.

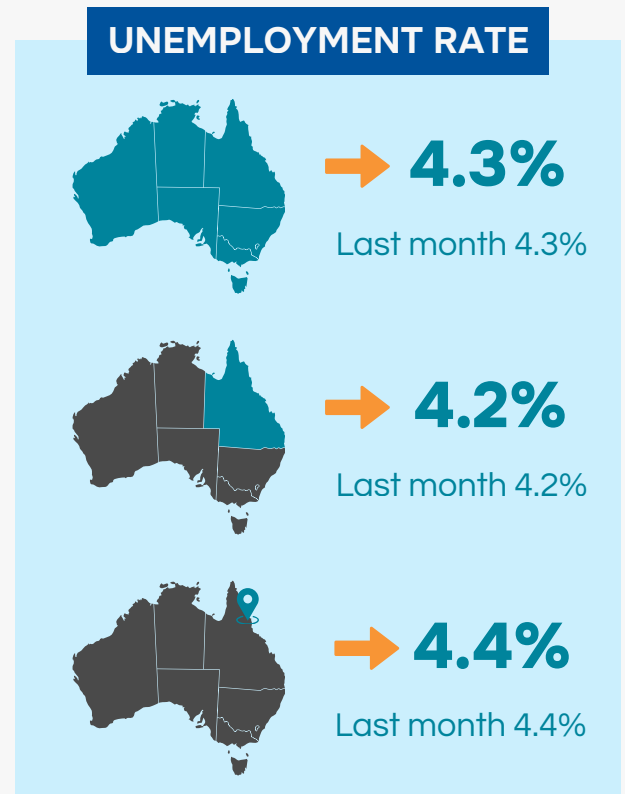
Unemployment

With the pace of employment growth picking up and an additional 1,700 people employed in the past 6 months, we have seen the Trend unemployment rate in Cairns moving a little lower. That has paused in April with the unemployment rate now stable at 4.4% which is its lowest level since November 2024. Cairns is one of only 9 regions in Queensland which has seen a decline in the Trend unemployment rate over the last 6 months, and that decline (from 4.7% in

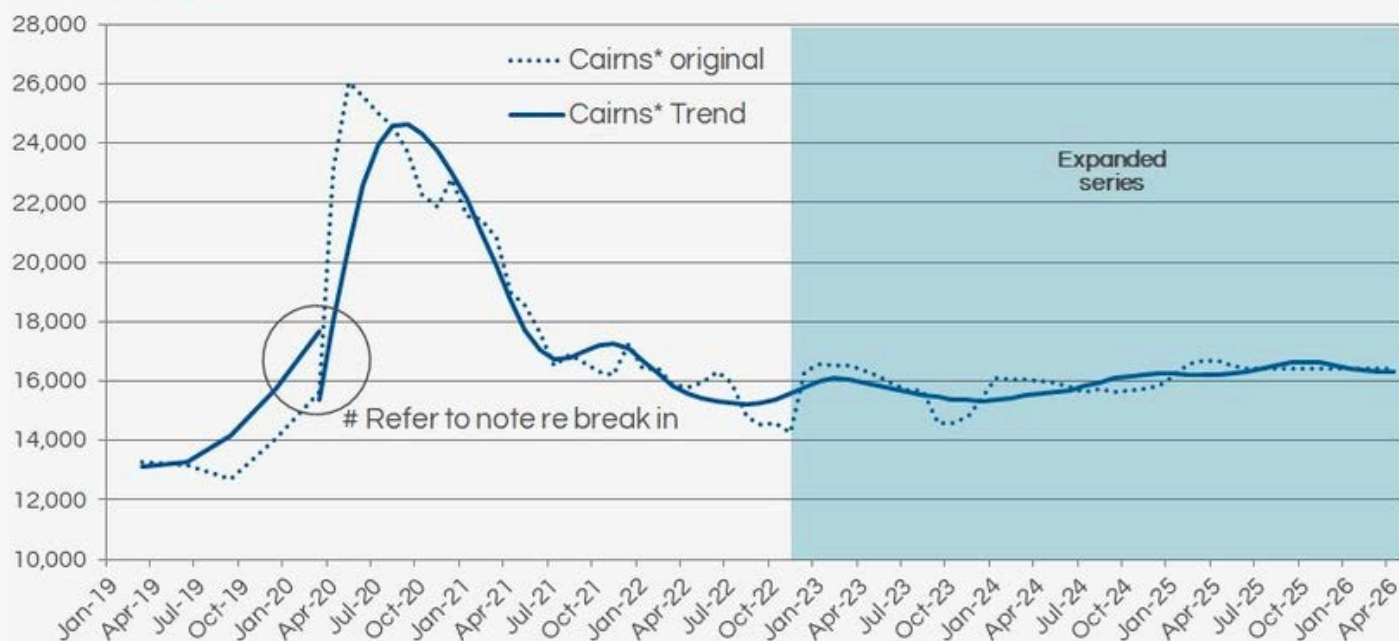
October to 4.4% now) is the second largest in the State. The number of JobSeekers fell very slightly across the country in April, although the Trend still shows a 4.9% increase over the year.

In Queensland the increase is somewhat slower at just 3.3%. However, despite a very small up-tick in the original number of JobSeekers in Cairns, the Trend series decreased in April (and has fallen in each of the past 6 months) and is now up just 0.5% for the year. For each of the past 13 months Cairns has registered the slowest annual pace of growth in the number of Trend JobSeekers of any region in Queensland.

This is a clear indication of the continued relative strength of the region's labour market.



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

Queensland's Trend unemployment rate in April was stable at 4.2% (while previous months were also revised slightly higher) where it has sat for the past 9 months. The State's labour market remains fairly robust although we have now seen the Trend unemployment rate move up by 0.2 ppts over the past year. Nevertheless, we now have a spell of more than 3 years in which the Trend unemployment rate in Queensland has been fluctuating between 4.2% and 3.9% - an extraordinary run of strength. Participation in Queensland remains healthy although PR has been stable at 66.8 for the past 7 months. It is this relatively strong participation which is keeping the unemployment rate from falling further despite the slight pickup in employment growth noted above.

Across Australia the resilience of the labour market is also evident, although less dramatic. The Trend unemployment rate was stable in April at 4.3% and has remained steady at this rate for the past 10 months.

Again, we should note that the seasonally adjusted series showed the unemployment rate moving up to 4.5% on the back of those weak employment numbers. Like the situation in Queensland, a strong and stable participation rate is stopping the unemployment rate from falling despite a slight improvement in the pace of Trend employment growth.

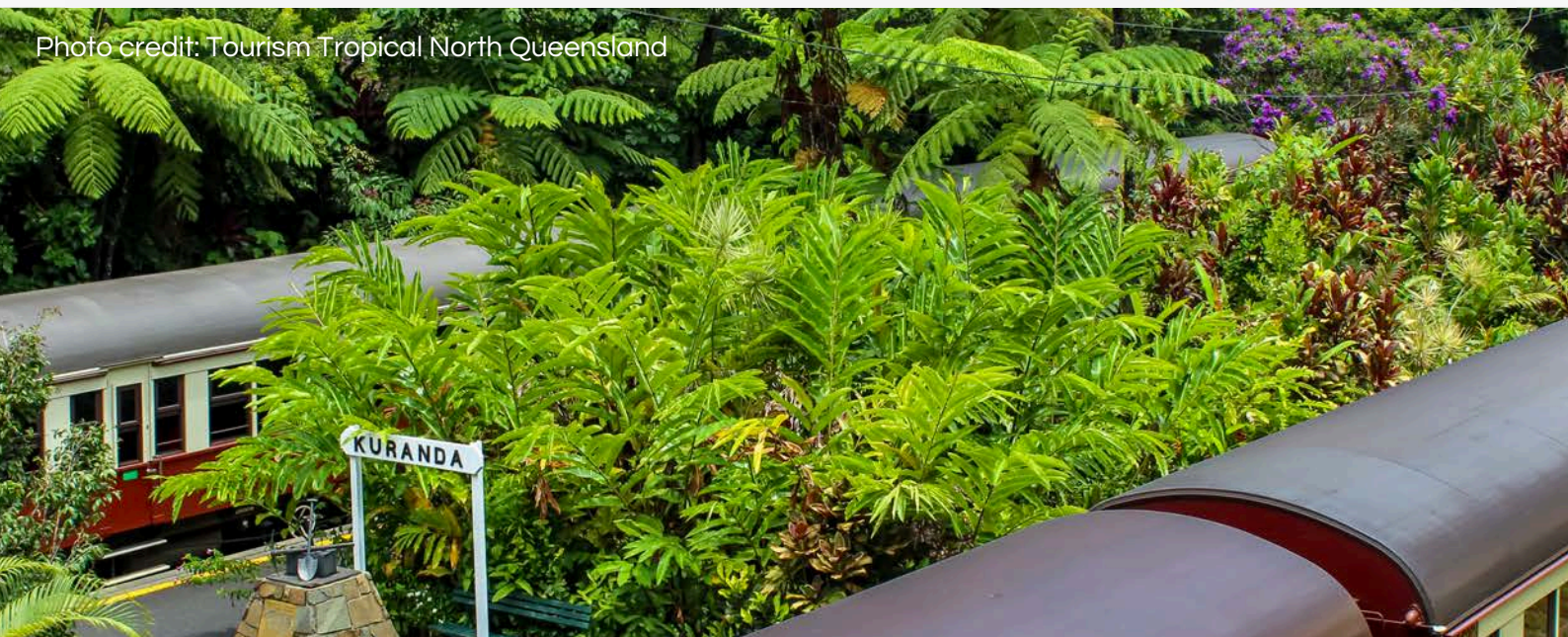
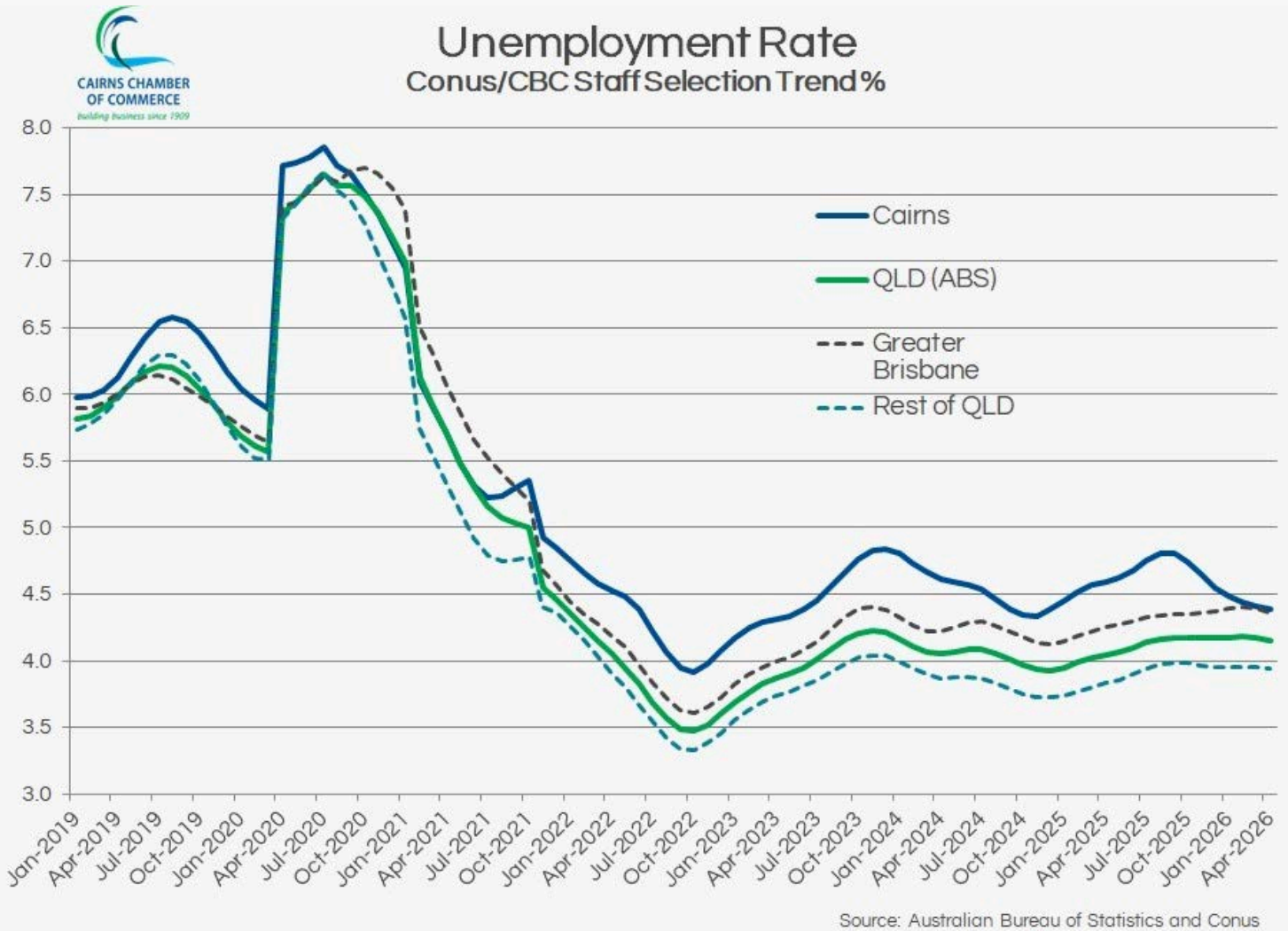


Photo credit: Tourism Tropical North Queensland



REAL ESTATE

Despite the fact that interest rates are rising (and look set to rise even further), and the recently announced changes to CGT appear to have the potential to negatively impact investment property prices (which is a feature rather than a bug), property prices continue to perform very well in the Cairns market. In the year to May median unit prices have increased by 19% while median house prices have still not breached the \$800,000 level and are now up just 15.1% for the year. Rents continue to increase, albeit at a slower pace, with 2-bedroom unit rents up just 6% for the year. Given the divergences between rent and price changes through the earlier part of this year, in last month's issue we said we would expect "either house prices or unit rents" to lead growth in

MEDIAN PRICE



Unit

\$470,000

+ 19% y/y



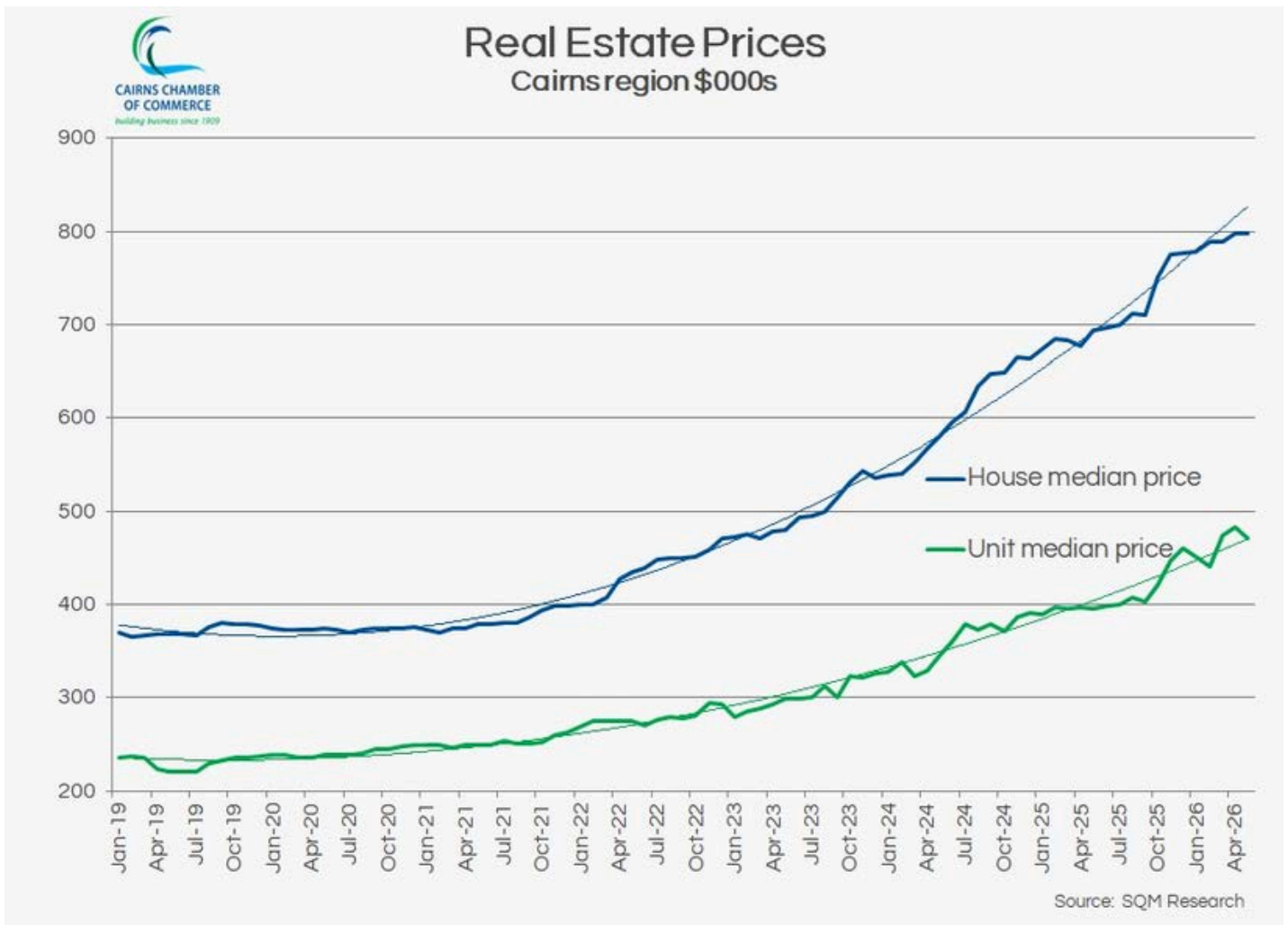
House

798,000

+ 15% y/y

coming months. That has indeed been the case with unit rents up 2.5% for the month (beating house rents +0.8%, house prices unchanged, and unit prices -2.5%). Despite this month's movements going some way to addressing this divergence we would still anticipate the best moves to be in either house prices or unit rents.

Cairns' position as one of the best performing real estate markets in the country in recent years remains unchallenged. Over the past 3 years compounding annual growth in Cairns has averaged 18.2%, which equates to an increase of 65% over those 3 years. This compares to a national average of 9.0% annually for a 3-year increase of 29.5%. Despite this huge out-performance in recent years, the median combined (houses and units) price in Cairns is still \$270,000 below the national average, and even though this gap has closed significantly in recent years Cairns remains a good-value option and can therefore certainly sustain further growth.



For the third consecutive month the rental vacancy rate has edged a little lower this month to just 0.8%. It has now been 64 months during which the rental vacancy rate has been between 1.2% and 0.5% - an extraordinary period of tightness which appears to once again be getting ever tighter.

VACANCY RATE

↓ 0.8%

Previous month 0.9%

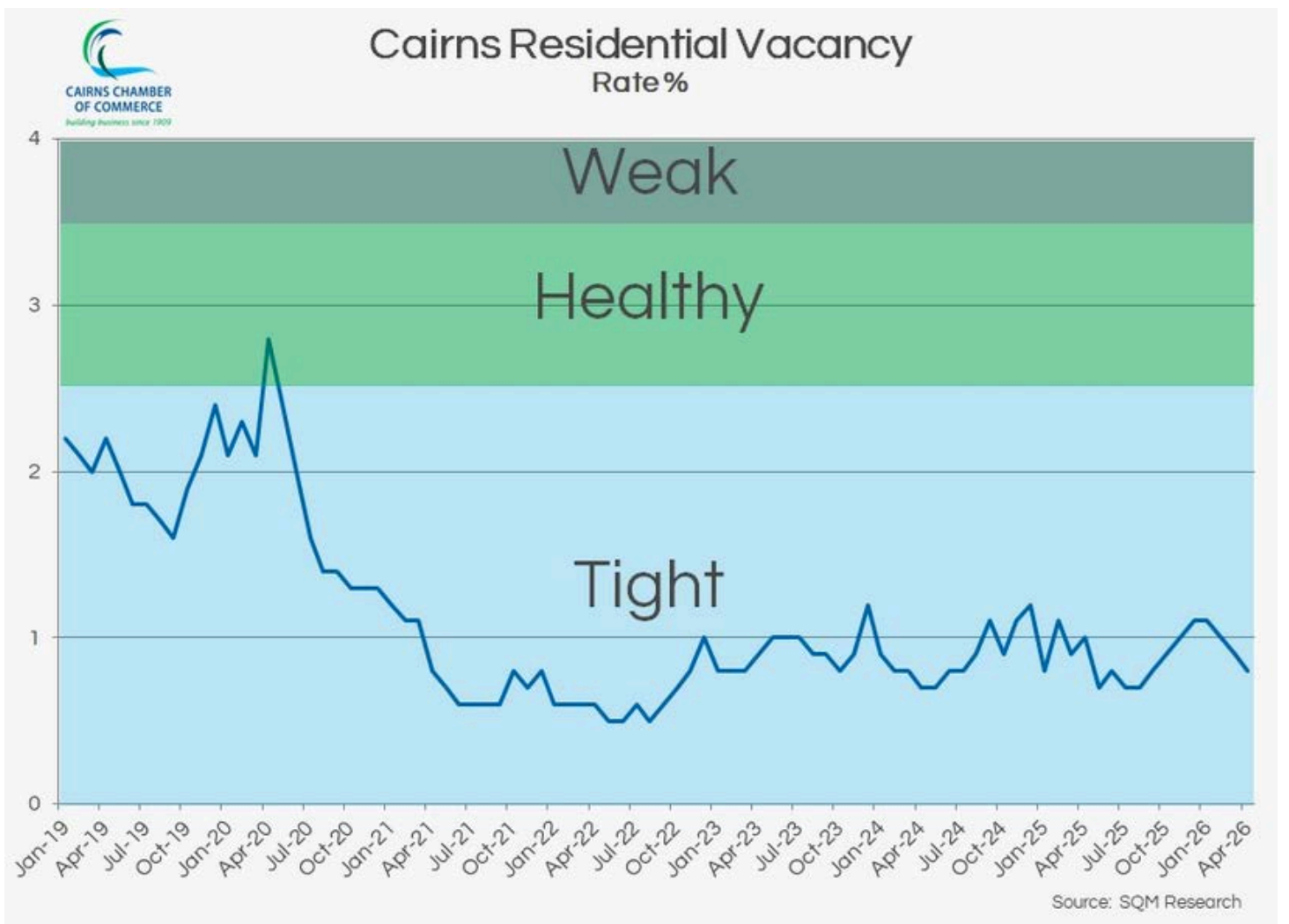
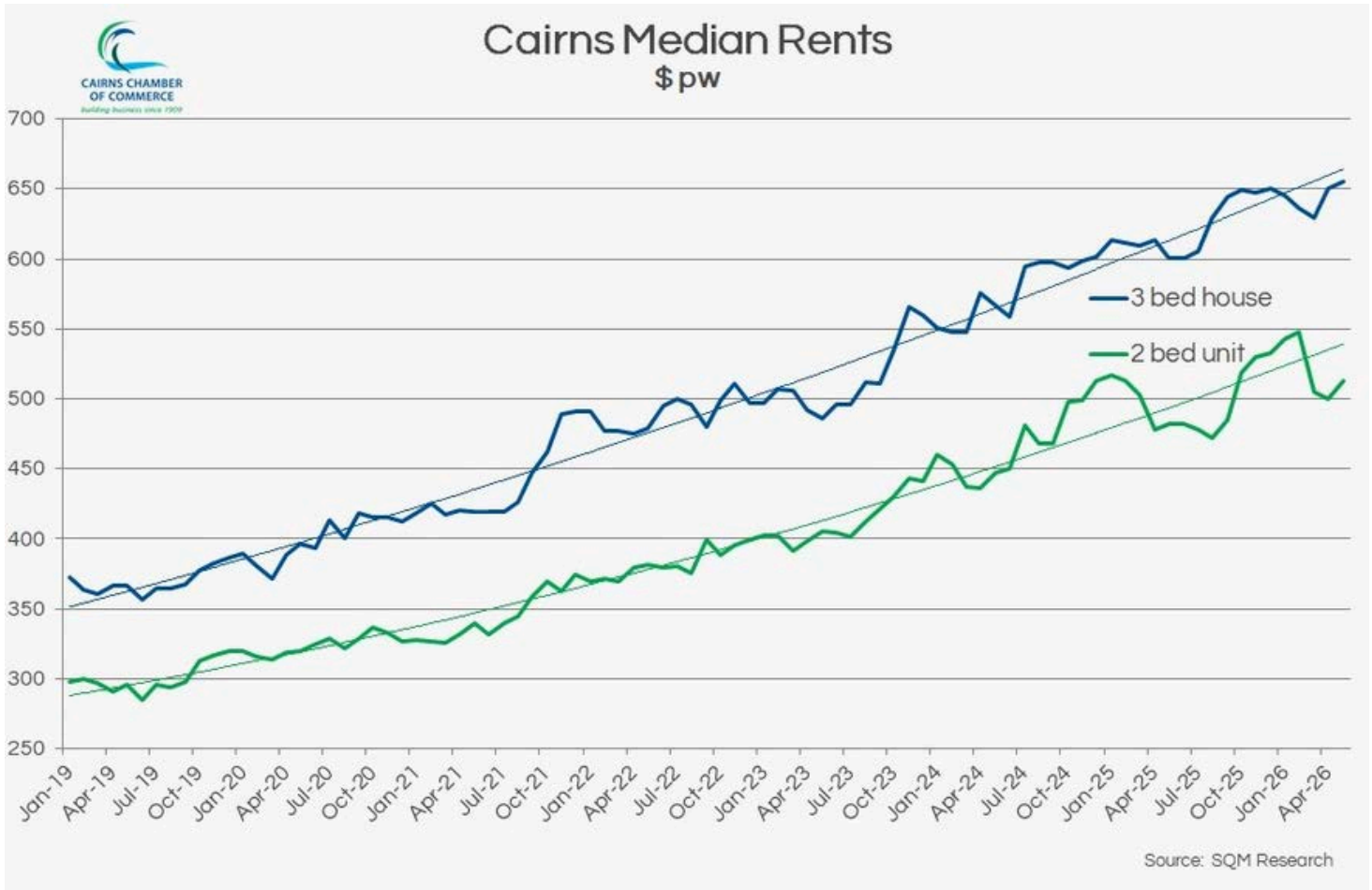
This tightness in the rental market over the past five years has been a major driver of such strong rental growth. We noted last month that the recent slow-down in rental growth was likely to have been due to seasonal effects and that we expected rental growth to pick up again; and that's precisely what has happened in May. Rents have again turned positive with growth between 6-9% year-on-year.

MEDIAN RENTALS

2-bed unit
\$512 p/w
+ 6% y/y

3-bed house
\$656 p/w
+ 9% y/y







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GROSS REGIONAL PRODUCT

The latest NIEIR data show the Cairns Region's real Gross Regional Product reached \$18.59 billion in 2024/25, a contraction of 0.9% on the previous year (which had been revised higher). This compares with growth of 2.2% in Queensland and 1.3% nationally and represents the first year of contraction for the region since the COVID-affected 2019/20.

The headline number, however, obscures a more nuanced picture once the underlying drivers are unpacked. Cairns Regional Council (CRC), which accounts for around 69% of regional output, recorded a far more modest contraction of 0.4%. Weakness in CRC was broad-based with the largest decline coming from the Transport sector with Construction and tourism-adjacent sectors (Retail, Accommodation and Food) also contracting. The bulk of the regional weakness sits with Douglas Shire (-4.9%) and Cassowary Coast (-3.6%).

Douglas in particular bore the brunt of Tropical Cyclone Jasper and the associated weather events in late 2023 and early 2024, with significant disruption to tourism flows and visitor nights right through the year. Cassowary Coast likely felt some flow-on effects from the same events and saw a substantial decline in the agricultural sector. Tablelands (-0.4%) was driven largely by declines in Retail and Construction sectors while Mareeba (+0.7%) benefited from gains in Public Administration.

Stepping back from the single-year print, the medium-term picture is rather more constructive. Over the past four years, the Cairns Region has grown by 12.4%, broadly in line with Queensland (13.0%) and ahead of the national rate (10.9%). That four-year window captures the two exceptionally strong post-COVID rebound years of 2021/22 and 2022/23, during which regional output jumped from around \$16.0 billion to \$18.7 billion as international borders reopened and tourism demand returned with force. Viewed against that backdrop, 2024/25 looks less like a structural reversal and more like a return to trend after an unusually strong recovery phase, compounded by some genuine weather shocks to parts of the region.

The longer-run picture is the one that warrants more attention. Over the past decade the Cairns Region has expanded by 14.6%, well behind Queensland (26.8%) and Australia (24.9%). CRC itself has done somewhat better (+19.1%) but still trails state and national growth rates by a meaningful margin. That gap, sustained over a full economic cycle, is the more substantive question for regional economic policy than any single year's print, weather-affected or otherwise.

Cairns Region Gross Regional Product

component LGAs \$ millions

■ CRC ■ CCRC ■ TRC ■ MSC ■ DSC ■ YASC



Source; NIEIR

Photo credit: Tourism Tropical North Queensland



A WORD FROM OUR SPONSORS

“As the end of the financial year approaches, businesses across Far North Queensland are preparing for a number of important changes that will take effect from 1 July. In recent months, there has been considerable discussion around Tranche 2 AML/CTF reforms, alongside other regulatory and taxation developments that will shape the operating environment for many businesses in the year ahead.

With 1 July now just around the corner, businesses affected by these changes should ensure they understand any new obligations and have the necessary systems and processes in place ahead of commencement. As businesses move into the new financial year, many will also be navigating rising costs and increasing regulatory complexity, making preparation and forward planning more important than ever. ”

Rhiannon Saunders
Managing Director, WGC Lawyers



“The Federal Budget has generated a level of debate that extends well beyond ordinary political disagreement, with several key tax measures yet to be legislated but already drawing significant public and business scrutiny.

Regardless of the political narrative, the proposed changes have the potential to materially impact business structures, investment decisions and long-term planning. In an environment of increasing uncertainty, business owners should stay informed, avoid rushed decisions, and understand which proposed changes may affect their structures, investments and long-term plans. ”

Michael Wilson
Partner, PVW Partners

“Off the back of the 12 May Federal Budget, investors have hit the brakes amid a complex landscape of uncertainty. The amount of properties for sale in May has for the first time this year increased above the number of properties for sale at the same time last year.

A two speed economy has emerged in our property market with those properties that owner-occupiers can move straight into continuing to perform well, and those properties that require work or updating becoming price sensitive due to lack of trades and building costs. Units, in particular villas, half duplexes and townhouses, remain attractive to the buyer market due to houses remaining outside of the affordability range for a large section of buyers. ”

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 JUNE 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/>

JUNE

05

Annual Corporate Golf Day

08:30am - 4.30pm
Cairns Golf Club

10

Workforce Evolution in FNQ

07:30am - 11.15am
Reef Hotel Casino

30

2026 State Budget Address Corporate Luncheon

11:30am - 2.00pm
Cairns Convention Centre

JULY

06

FNQ DAMA Information Session for FNQ Employers

10:00am - 11.00am
Cairns Chamber of Commerce

31

July Business Luncheon - An Economic Outlook

11:30am - 2.00pm
Reef Hotel Casino

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Publisher & Editor
Cairns Chamber of Commerce

Data Analysis & Commentary
Pete Faulkner

Contributors
WGC Lawyers
PVW Partners
LJ Hooker Edge Hill



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