

JULY 2025



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CAIRNS ECONOMIC MONITOR

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SNAPSHOT

The Queensland Budget 2025-26 was handed down last week with few surprises. The new LNP Government's stated aim to lower deficits meant that this was never going to be a very exciting budget; and that's what we got. In the Far North it was encouraging to see the funding for the Barron River Bridge, the commitment to the Common Use Facility at the port confirmed, and additional funds being allocated for health facilities and housing across the region. Capital grants in the Far North totalled \$1.09 bn which makes up 4.5% of the State's total.

Building approvals data in Cairns has improved a little in recent months but remains below a level at which we believe it would have a material impact on the availability of accommodation in the region, particularly when we consider that the actual construction will usually lag approvals by somewhere between 6 and 18 months.

The ongoing uncertainty around trade policy and, more recently, the situation in the Middle East can be added to the fact that inflation in Australia continues to fall. The markets are therefore expecting rates to fall by up to 75 bps by the end of the year. The first chance for a change will come at the RBA's meeting in July, the decision from which we will know on July 8th.

Any signs of a gradual easing in the labour market conditions across the country (as expected by Treasury and RBA) are hard to spot. Similarly, here in Cairns employment continues to grow, our participation rate is at near-15-year highs, and the unemployment rate is stable at just 4.4%.

2025 STATE BUDGET HIGHLIGHTS

Health

- Cairns Hospital expansion refurbishment - \$67 million
- Cairns Adolescent Mental Health inpatient services - \$14 million
- Atherton Hospital ward upgrades – \$12.9 million
- Cairns Health and Innovation Centre - \$2 million

Housing

- Social and Affordable housing construction - \$73 million (largest allocation in the State)
- Upgrade existing social housing - \$52.7 million (largest allocation in the State)

Roads

- Barron River Bridge - \$245 million
- Kennedy Highway (Mareeba-Ravenshoe) overtaking lanes - \$3.7 million

Marine

- Cairns Marine Precinct Common User Facility - \$38.4 million

Water

- Cairns Water Security Project Stage One - \$166 million (largest allocation in the State)
- Douglas Shire Mossman River water intake - \$6 million

Education

- Great Barrier Reef Intl Marine College expansion - \$13.6 million

Tourism & Culture

- Wangetti Trail - \$18.3 million
- Smithfield Mountain Bike Park trail expansion - \$1.8 million
- Wallaman Falls visitor facilities upgrade - \$1.5 million
- Cairns Chinese Cultural and Heritage Centre - \$2.7 million

Credit: Tourism Tropical North Queensland



LABOUR MARKET

Employment

Trend analysis of the original modelled ABS regional data for May shows that employment in Cairns continues to rise with another 500 added to employment this month. While the pace of growth has slowed somewhat in the past 6 months, at 2.2% pa it remains healthy. However, after very strong growth

at the end of last year, Cairns now sits well below the Queensland average of 2.9% pa and a little below the national average of 2.3% pa.

Although full-time employment is up 3,400 (+3.4% pa) from a year ago, numbers have been falling since peaking in January and another 300 were lost this month.

The Participation rate in Cairns again moved higher in May and now sits at its highest level since December 2010. A strong participation rate is an indicator of underlying strength in the labour market and makes the fact that the unemployment rate remains so low even more impressive.

PEOPLE EMPLOYED



↑ **14,636,800**

Last month 14,608,800



↑ **3,008,900**

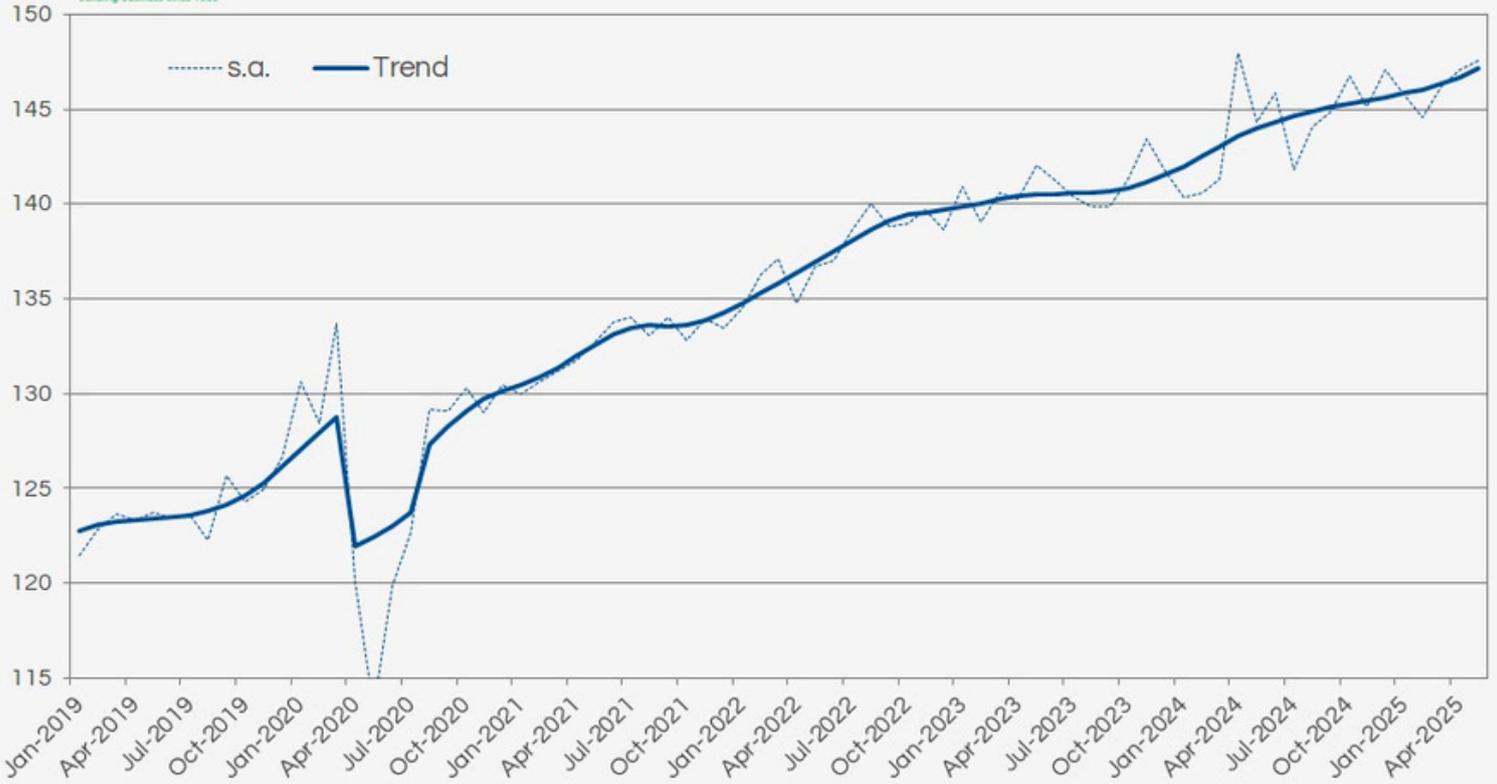
Last month 2,998,000



↑ **147,200**

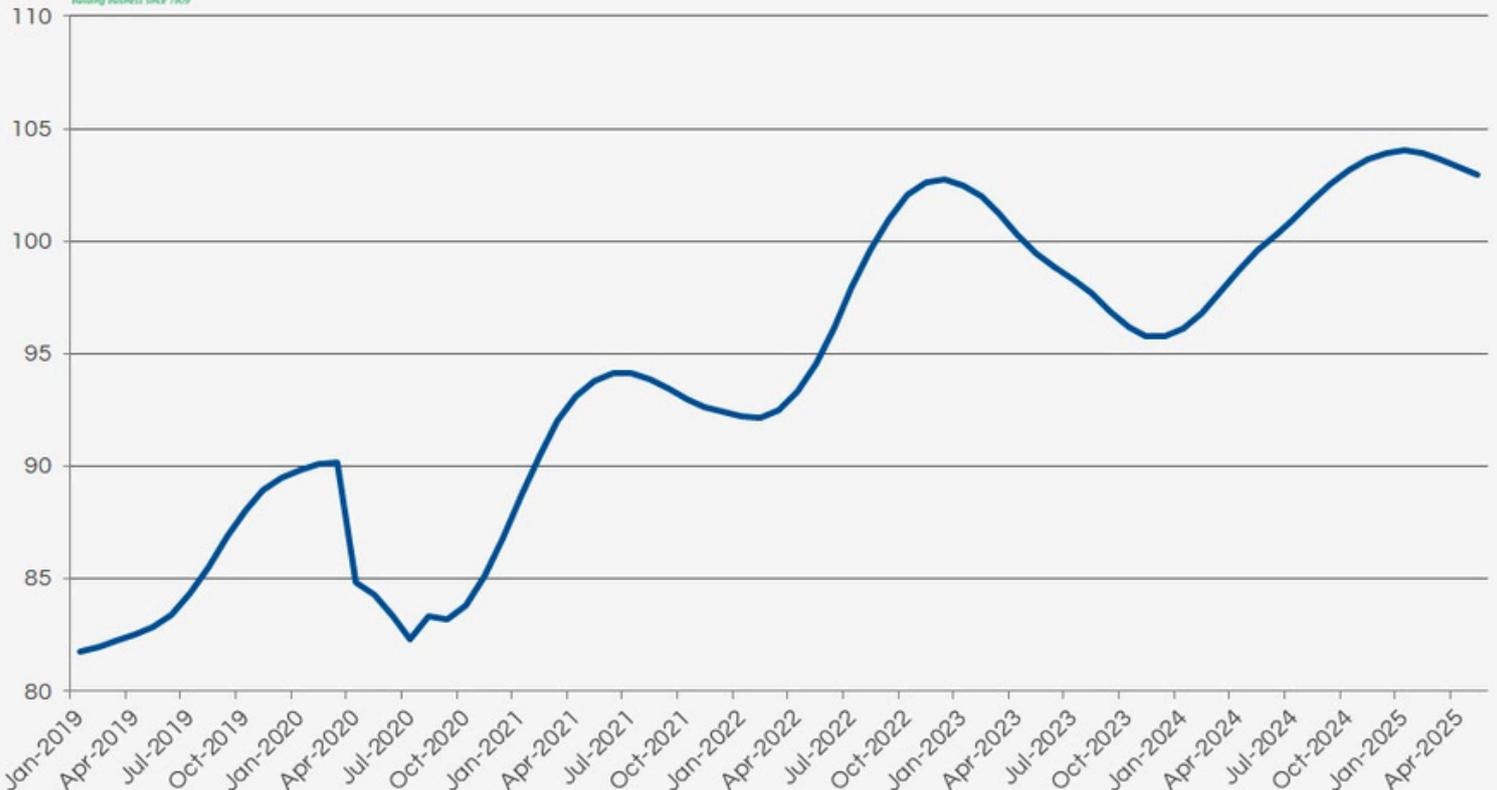
Last month 146,700

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



Source: Conus derived from ABS original data

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



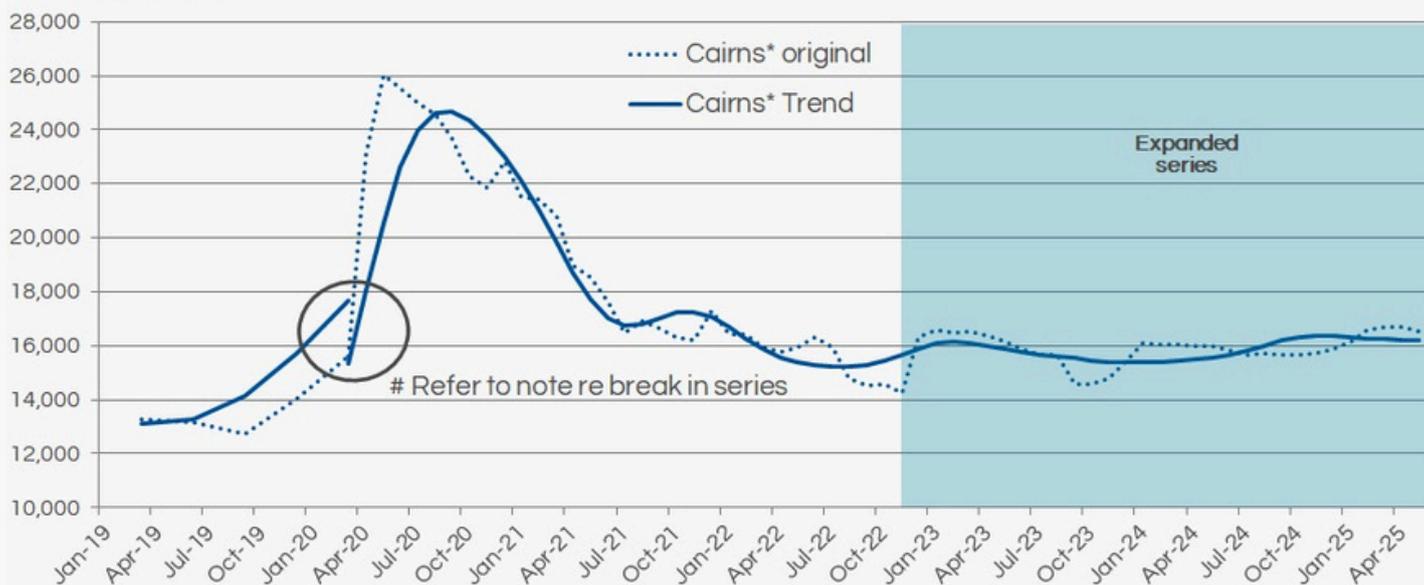
Source: Australian Bureau of Statistics and Conus

For another month Trend JobSeekers in Cairns have remained very stable at just above 16,000. While this may seem unremarkable it becomes more interesting when we see it in the context of changes at the national and State level. The Trend is up 10.4% y/y across Australia and 8.0% y/y in Queensland, but here in Cairns the increase has been a much more modest 4.3% y/y. Once again, we are seeing signs of the relative robustness of the Cairns labour market.

Trend employment grew by 10,900 in Queensland during May which is the largest monthly increase since February last year. For the first time Queensland now has more than 3 million people employed. This increase has lifted the rate of employment growth to 2.9% for the year. Although this pace is once again a good deal faster than national growth it is still some way from the highs of 3.7% seen in the first quarter of 2024. Full-time employment continues to grow at an even faster pace (3.6%) and provides yet another indicator of the robustness of our state's labour market.



Jobseekers #
Conus/CBC Staff Selection series

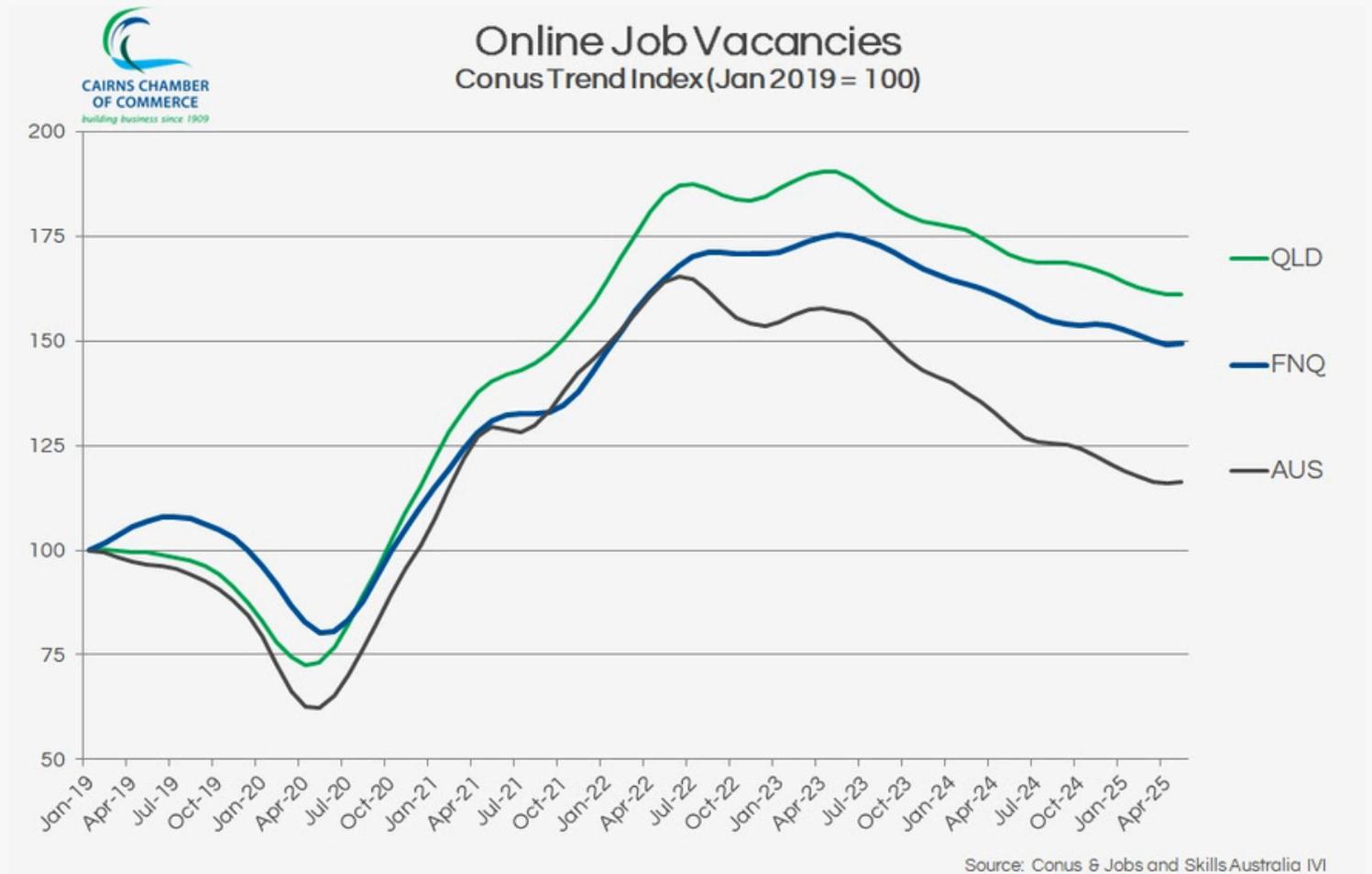


Before Mar 2020 'Jobseekers' related to recipients of Newstart or Youth Allowance who were looking for work; from Mar 2020 onwards it is all JobSeeker recipients. From Dec 2022 the DSS have been using an 'Expanded' series which includes recipients who are current but on zero rate of payment and those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

National employment growth remains at 2.3% y/y with another 28,000 employed added in the month. A slowing in national population growth (+1.7% in 2024) means that slightly slower employment growth is still adequate to maintain a healthy labour market. Queensland's population grew at a faster 1.9% in 2024.

The decline in Online job vacancies has taken a pause in recent months although across the nation this measure is still down 10.4% for the year. The data for FNQ is also weaker (down 6.5%) but continues to show more strength than nationally. This metric confirms that the labour market is gradually easing but remains relatively more robust in the Far North and is well above pre-COVID levels.



Unemployment

The May Trend unemployment rate in Cairns is unchanged at 4.4%, after a significant revision to the previous month from 4.7% to 4.4%. It appears that some challenges with data earlier in the year caused by the flooding in NQ may have been resolved and the Trend is settling down after a few months of volatility. Given the signs of a gradual easing in conditions across the nation, this stability in Cairns is yet another indicator of the continued robustness of our labour market.

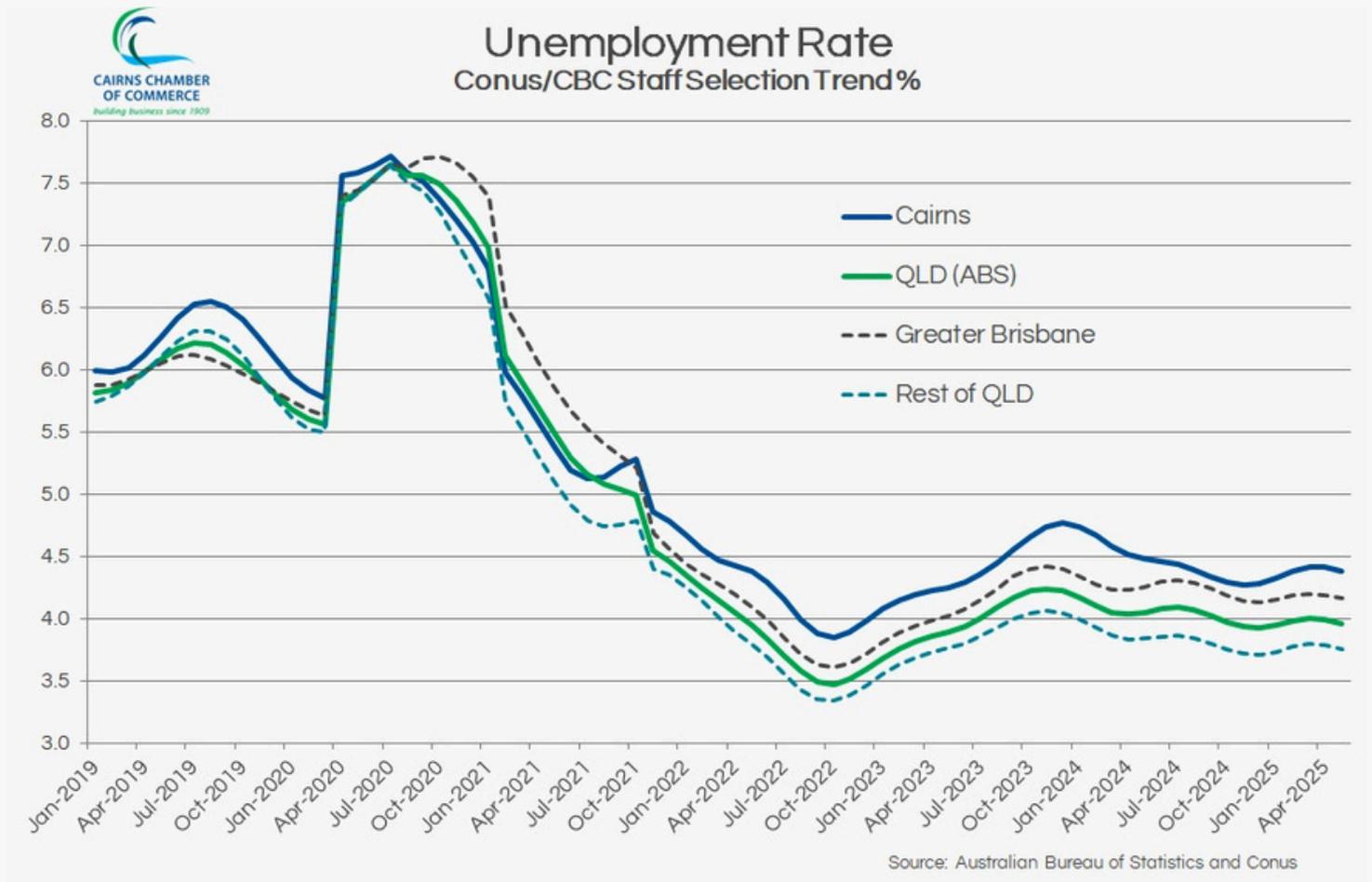


Queensland’s Trend unemployment rate was stable at just 4.0% in May, after the April figure was revised back down to 4.0% from 4.1%. Hours worked per capita and the participation rate both edged higher again this month and demonstrate (once again) the ongoing robustness of the Queensland labour market. We are still anticipating a gradual easing of this historically tight labour market, but that easing is proving elusive at this stage.

Credit: Tourism Tropical North Queensland



The national Trend unemployment rate was stable at 4.1% in May and continues the run of 15 consecutive months where the unemployment rate has been either 4.0% or 4.1%. We have been commenting for months that the expectations from both the Treasury and Reserve Bank are that the unemployment rate will likely drift towards 4.25%-4.5% in the second half of this year. This unprecedented run with an unemployment rate being so stable (and so low) makes it appear that the final result is likely to be at the lower end of that potential range.





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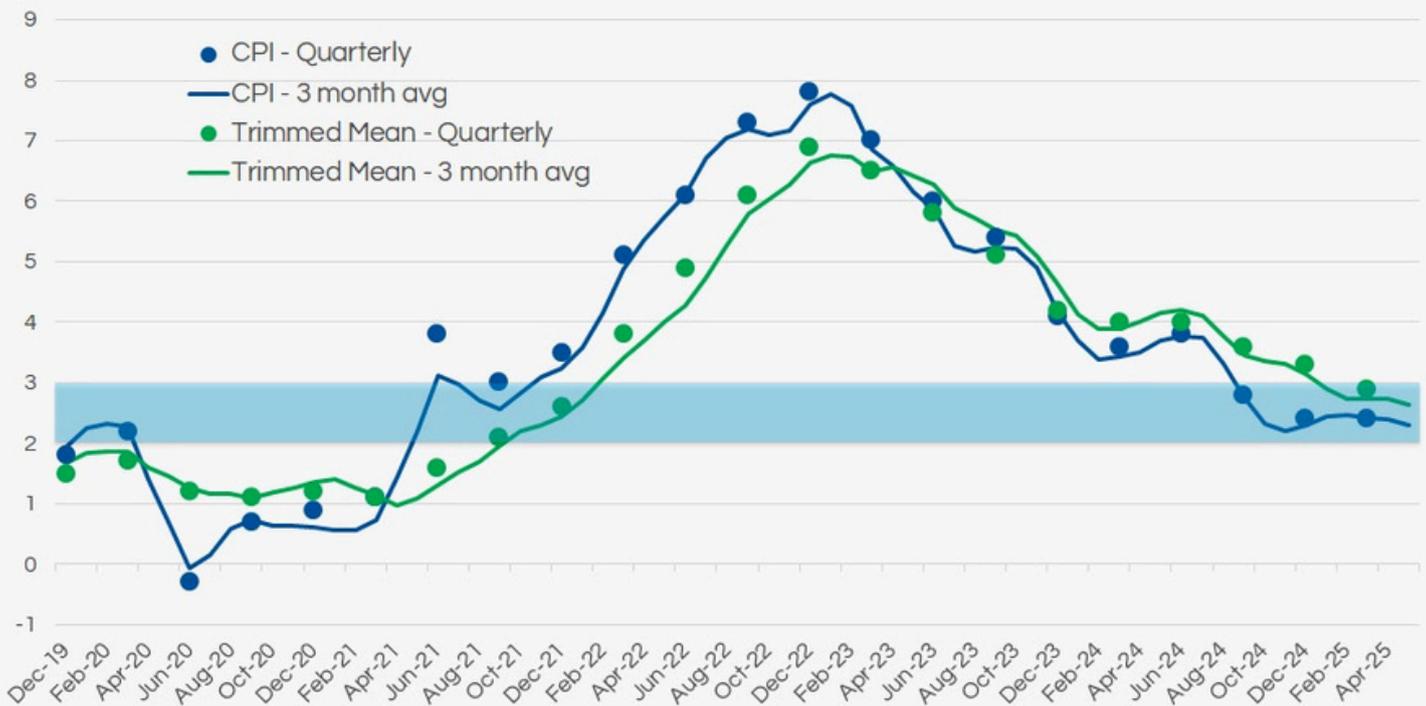


INFLATION & INTEREST RATES

Uncertainty around the world in recent weeks has risen to ever higher levels. Concerns about US trade policy has now been added to by the uncertainty about the outlook for peace (or otherwise) in the Middle East. Taken together these two sources of volatility have seen the markets take a much more cautious approach to their interest rate projections. The futures market is now pricing up to 75 bps of cuts by the end of the year (with cuts possible at the July, September and November RBA meetings). The May monthly inflation data saw the headline 3-month average fall to 2.3% and the Trimmed Mean (core inflation) 3-month average dip to 2.6%. At these levels the RBA will certainly not be held back from moving on rates if they feel the uncertainty in the global economy warrants action.



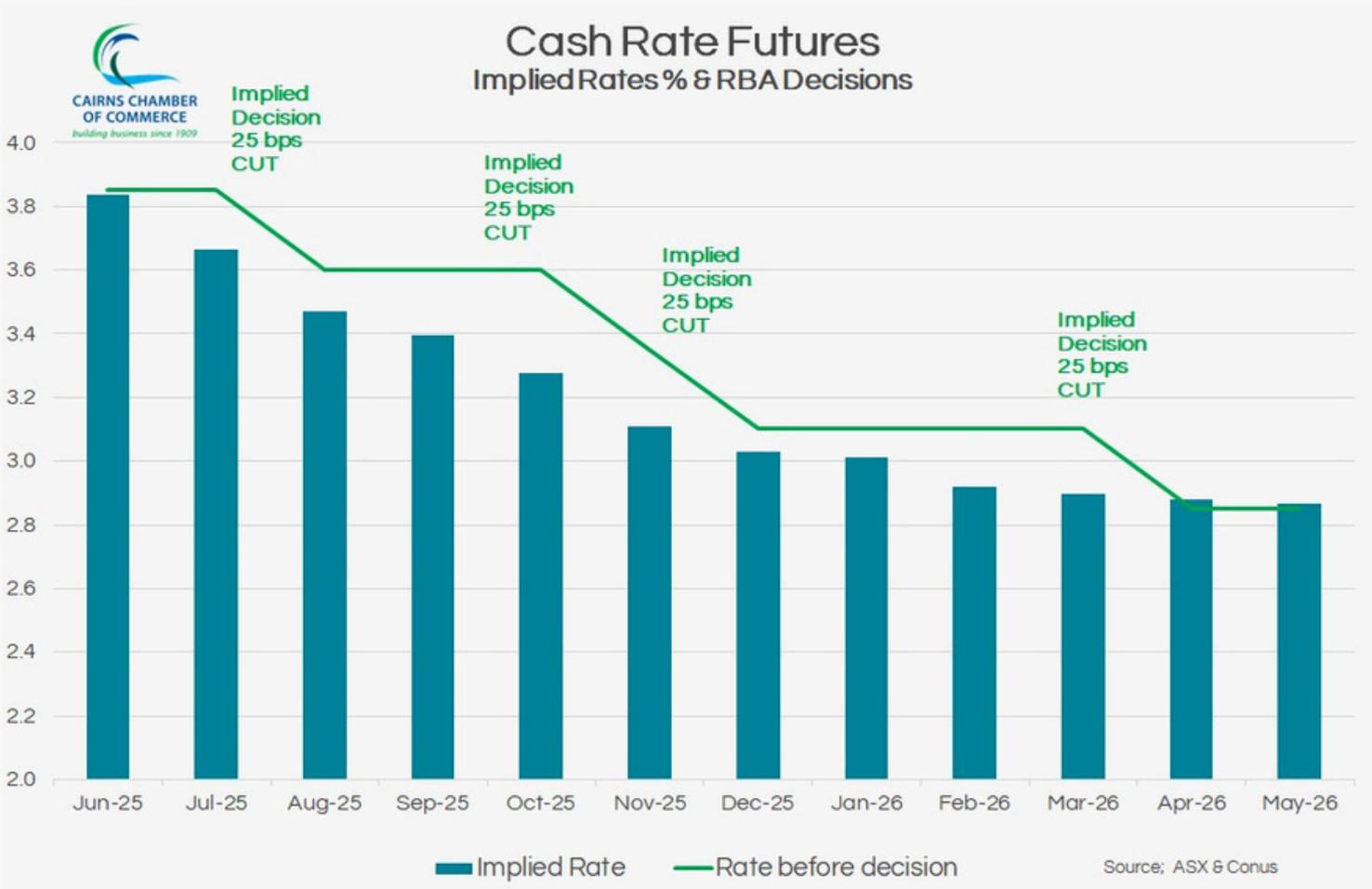
CPI & Trimmed Mean Inflation % annual rate



Source: ABS

In the most recent Statement on Monetary Policy in May, the RBA revised slightly lower their expectation for core inflation to 2.6% for the next few years and for the unemployment rate to get no higher than 4.3% out as far as 2027.

Clearly much will depend on what happens in the coming month. Trump’s 90 day pause on his ‘Liberation Day’ tariffs will expire and it would seem almost anything could happen between Israel and Iran...in the face of such extreme uncertainty do not be surprised if we see the RBA acting when they next meet on 7-8th July!



Credit: Tourism Tropical North Queensland



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YOUR LOCAL EXPERTS

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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BUILDING APPROVALS

TREND APPROVALS

↑ **99**
Apr 2025

TREND RATE OF APPROVALS

↑ **14.7%**
year on year

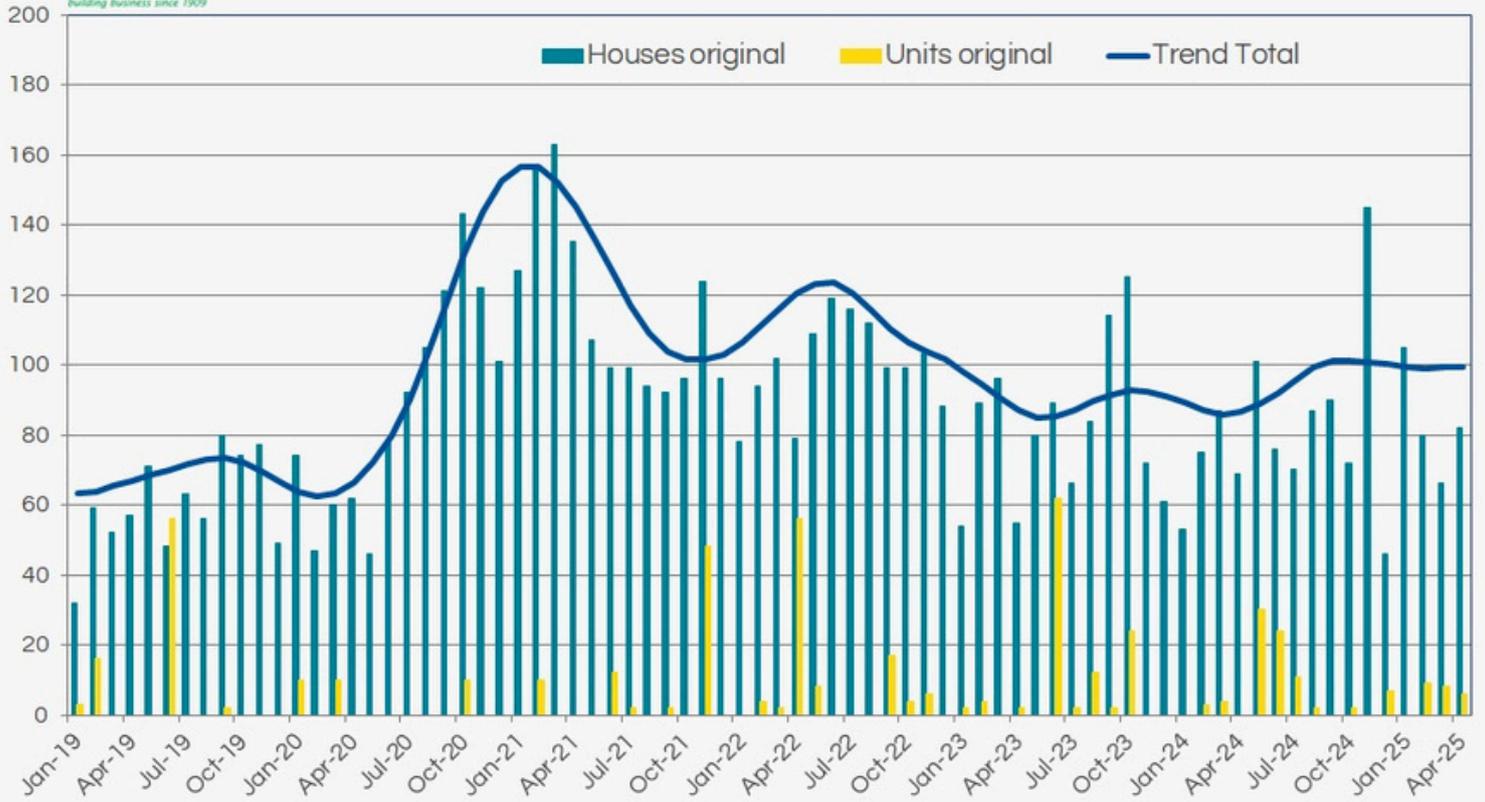
Over the past few months, we have been seeing the Trend building approvals figure for the region settle at a level just below 100 per month. In April that figure sat at 99 (after a small upward revision to the March figure). As we have been saying for a few months, although this is an improvement from recent lows it is still

well below the level we would need to see to make a material impact on the chronic accommodation shortage the region is experiencing.

The growth rate of approvals in Cairns (+14.7% y/y) now sits slightly above the rate at both the national (+12.0%) and Queensland (+13.9%) levels which is certainly some encouragement for the region. Nevertheless, until we see an extended period of elevated approvals well above 100 per month we cannot expect to see any easing in the region's accommodation shortage; and we must also bear in mind that actual builds will lag the approvals for those builds by anything from 6 to 18 months.



Cairns Building Approvals original & Conus Trend



Source: Conus based on Australian Bureau of Statistics

Credit: Tourism Tropical North Queensland





REAL ESTATE

Property prices appear to once again be on the march higher. In June median prices for both houses and units hit new highs; \$697,000 for houses and \$399,000 for units. However, the pace of increase has certainly slowed as both sectors struggle to breach their psychological barriers of \$700K and \$400K.



MEDIAN PRICE



Unit
\$399,000
 + 10% y/y

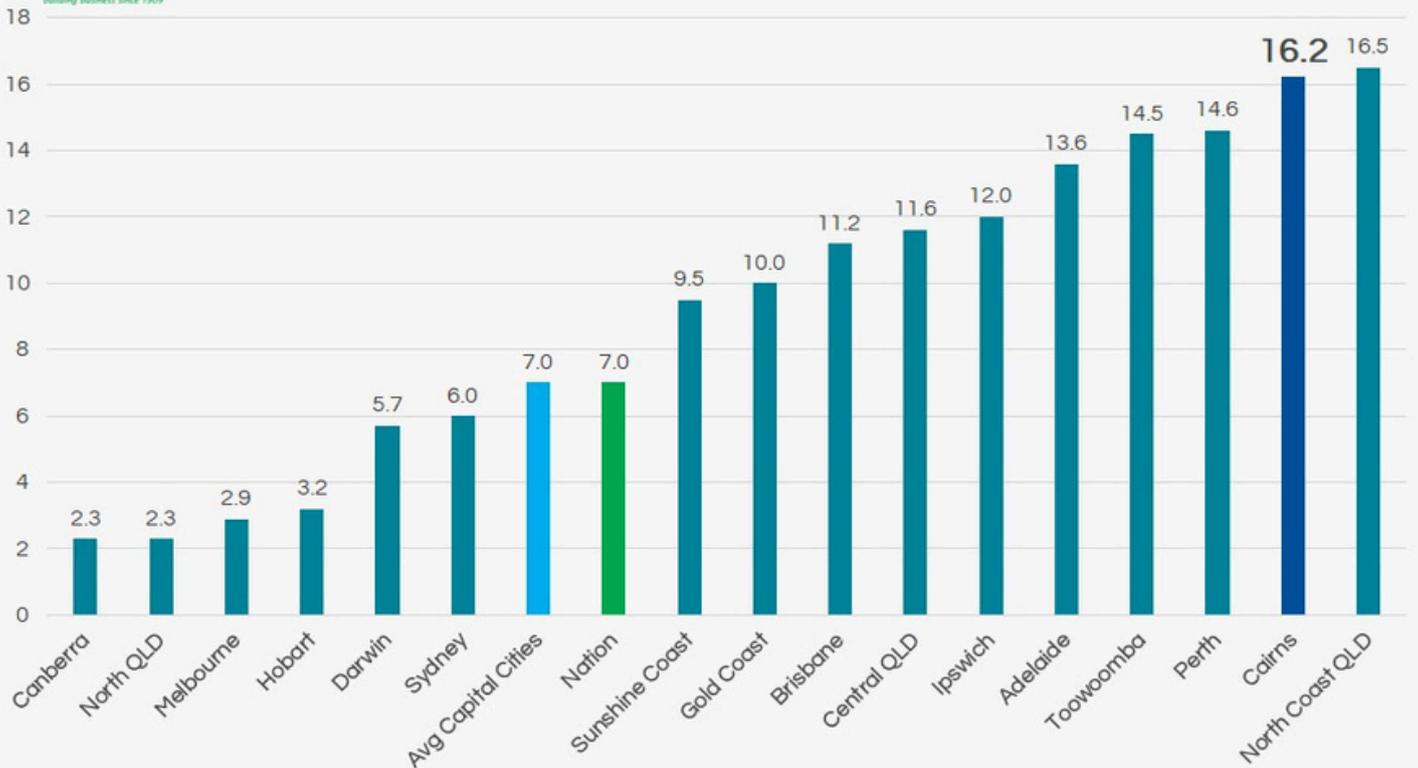


House
\$697,000
 + 17% y/y

This slowing of growth in Cairns has seen the region drop back slightly in the league table of three years annual growth. At an annual rate of 16.2% pa, Cairns now sits slightly behind North Coast Queensland at 16.5% pa (although this latter figure is likely to be more volatile due to a much smaller sample of data).



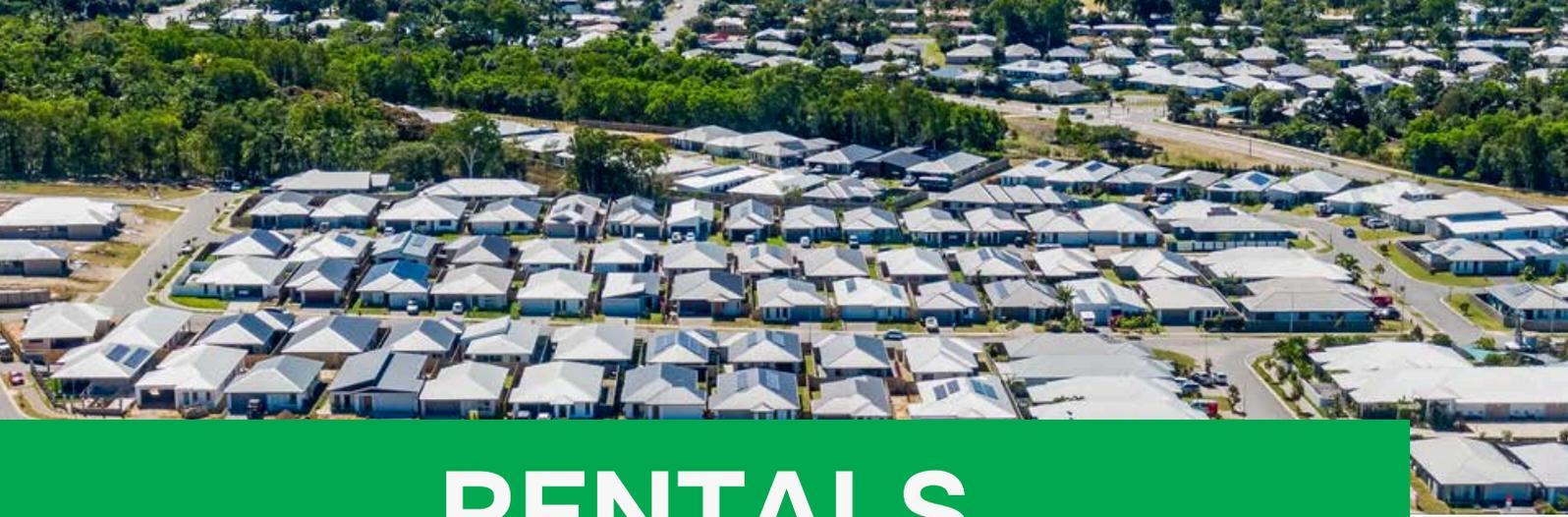
Real Estate Prices
 3 year pa %



Source; SQM Research, combined asking price



Credit: Cairns Regional Council



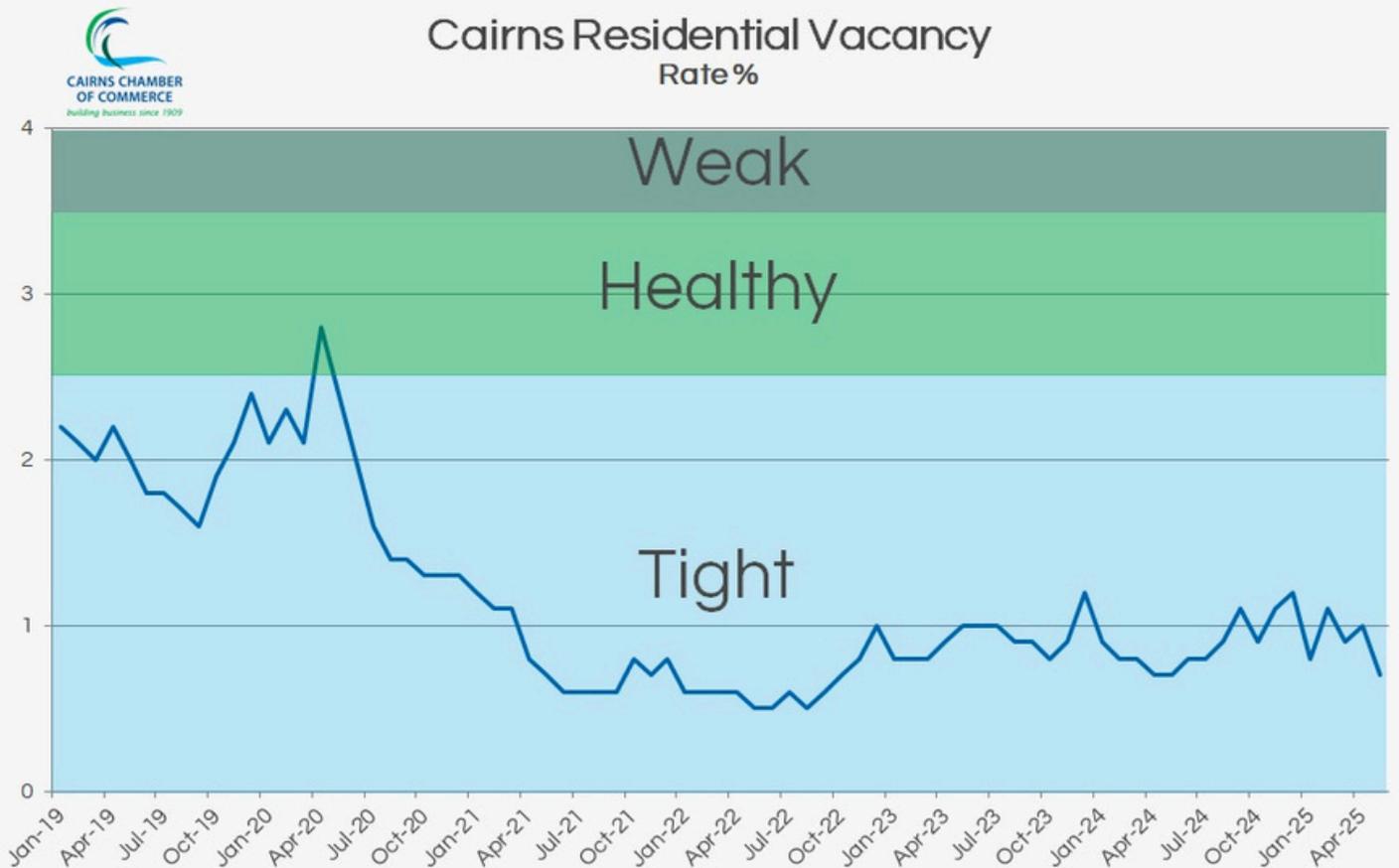
RENTALS

Again, this month we have seen a significant move lower in the rental vacancy market to just 0.7%. Rather surprisingly this decline in the vacancy rate is not yet being reflected in further increases in rents. While weekly rents remain well above their levels of a year ago (7% higher), the trend of increases has been clearly slowing (or even decreasing a little) in recent months.

VACANCY RATE

↓ **0.7%**

Previous month 1.0%



MEDIAN RENTALS



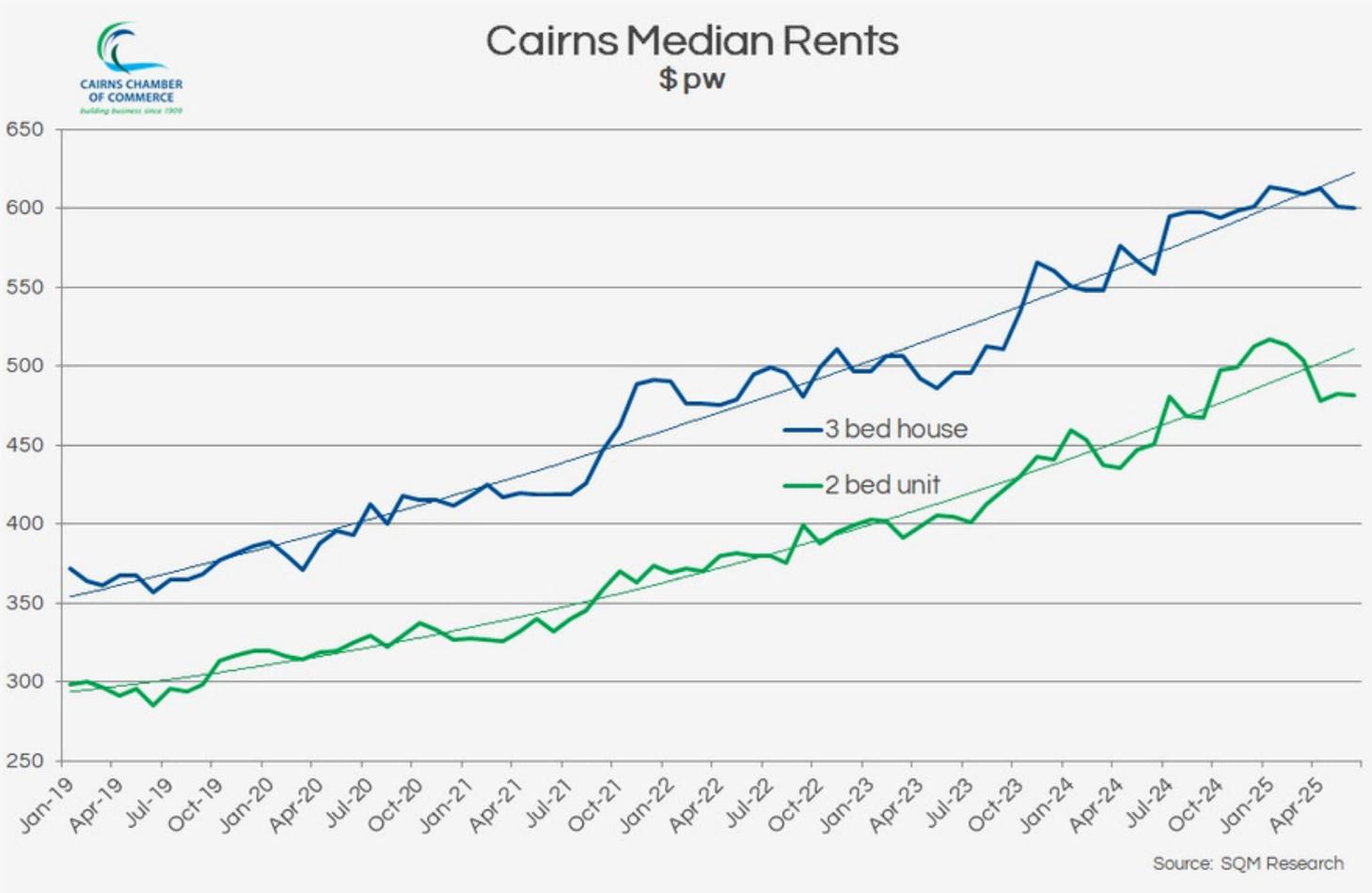
2-bed unit
\$482 p/w
 + 7% y/y



3-bed house
\$600 p/w
 + 7% y/y

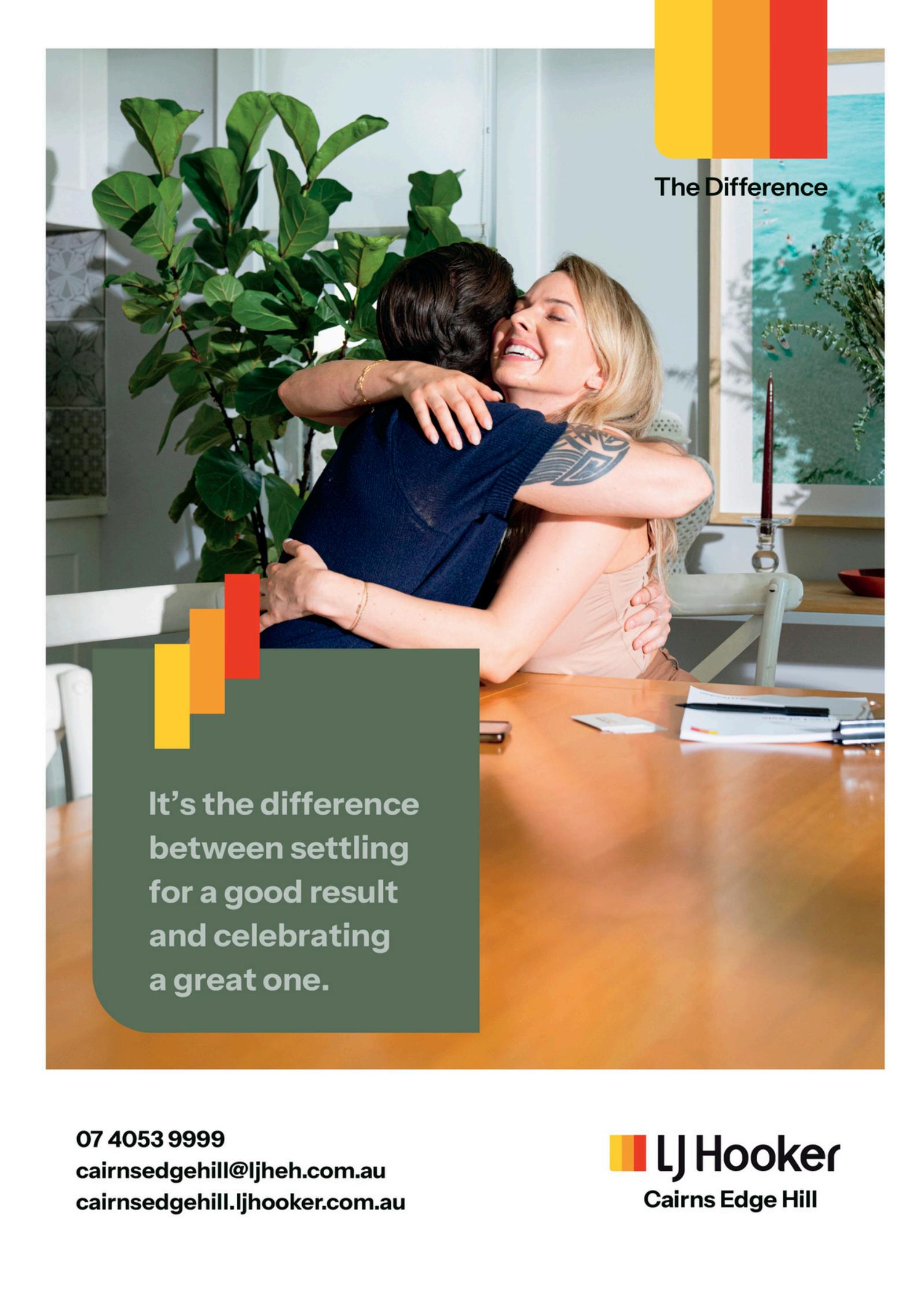
Whether this situation will be sustained if we continue to see such a tight rental market remains to be seen. Here too, as seems to be the case with sales, the pause we have seen in recent months may simply be a reaction to weekly rents hitting the

psychological barriers of \$600 and \$500 for house and units.



Credit: LJ Hooker Edge Hill





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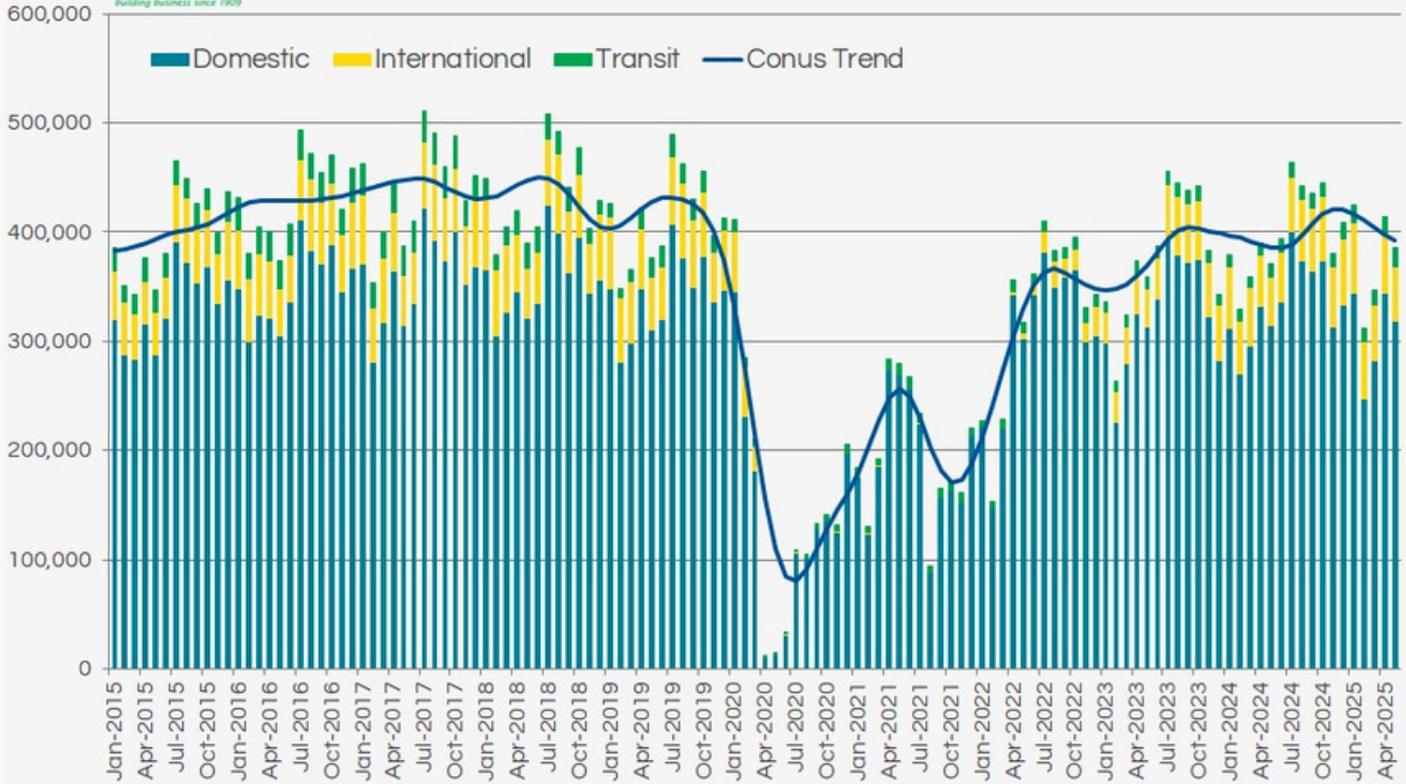
TOURISM

The seasonally adjusted Trend of passenger numbers through Cairns Airport continues to move lower and is now 6.7% lower than at the end of last year. However, it is still 1.8% higher than at this time last year so confirms (at least at this stage) that the long-term recovery in passenger numbers is still underway.

What is clear is that the slow improvement we are seeing in total passenger numbers is coming predominately from the international market. Domestic passenger numbers in May were just 1.2% higher than at the same time last year while international passengers have increased by 13.2%.

If we consider the year-to-May 2025 data with the same for year-to-May 2019 we see domestic passenger numbers are down 4.1% and international down 4.2%. Things have not recovered to their pre-COVID levels.

Cairns Airport Total Passengers monthly

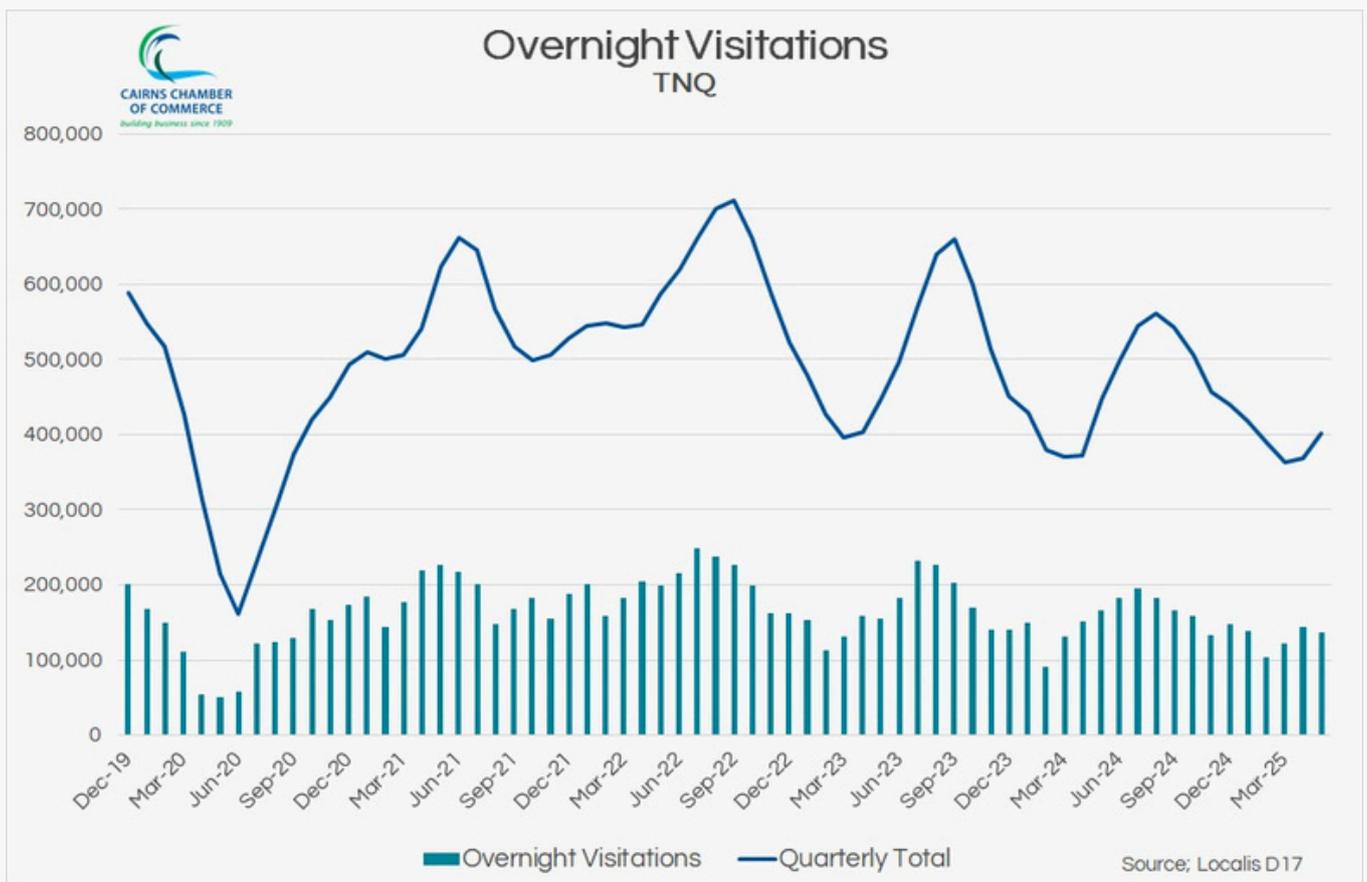


Source: Cairns Airport & Conus



Credit: Bang Media

The official Tourism Research Australia tourism data for the year to March 2025 was released last week. In TNQ international tourism expenditure increased slightly (as we had been projecting) to \$1.09 bn. TRA have changed their methodology for collecting data on the domestic tourism sector and, as a result, domestic tourism expenditure at the regional level will now only be available as a quarterly figure; we will have to wait for a full 4 quarters of the new data (called DoTS rather than the old NVS) before we have an accurate annual figure. In the meantime, we will have to rely on our own modelling of annual domestic tourism expenditure at the regional level. This projection utilises a number of tourism-based indicators and over the past few years has been providing a high level of accuracy. This model suggests TNQ domestic tourism expenditure was \$3.79 bn for the year to March 2025 (up from \$3.72 bn for the year to Dec 2024). As a result, total tourism expenditure was up at \$4.88 bn, which sees it tracking very slightly above our ‘if COVID had never happened Trend line’.



A WORD FROM OUR SPONSORS



“ Council rates are expected to increase by 5.9% next year. While this may seem significant, it's worth noting that Council has not increased rates in direct proportion to the recent surge in land values set by the Queensland Valuer-General. In contrast, land tax is calculated directly on these higher land values, so many property owners will see much steeper increases in their land tax bills. ”

Michael Wilson
Partner, PVW Partners

“ Happy New Financial Year, Cairns!

As we step into FY2025/26, there's a tangible buzz of optimism and opportunity across our beautiful region. The past year has truly highlighted Cairns' economic resilience. We've seen impressive growth, consistently outperforming state and national averages since 2020. Our rebounding tourism sector is once again welcoming international visitors with open arms, and our growing reputation in aviation and health underscores the strength of our diverse economy.

We're entering this new financial year with a clear vision for an even more prosperous future. With major projects already underway that will shape our region for decades, there's certainly lots to look forward to.

The Directors at WGC Lawyers are excited to continue supporting the growth and success of local businesses and individuals in Cairns. We look forward to another year of partnering with you to achieve your goals, and wish you a successful and prosperous year ahead. ”

Rhiannon Saunders
Managing Director, WGC Lawyers



“ The recent Queensland State Budget handed down 24 June, includes several positive measures for the property sector. A new \$165 million shared-equity scheme will assist 1,000 first home buyers over two years, offering up to 30% equity for new homes and 25% for existing homes (valued up to \$1 million). There are also changes to simplify tax relief for foreign-owned housing and infrastructure projects that offer economic or community benefit. These initiatives aim to boost housing supply and support more Queenslanders into home ownership. ”

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 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

JULY

3
JULY

Networking Event - Business, Beer & Bubbles

5:30pm - 7:30pm

Seville Mercy Centre

17
JULY

Business Excellence Awards Information Session

9:00am - 10:00am

Cairns Chamber of Commerce Boardroom

25
JULY

Workshop - Supporting Mental Health and Wellbeing in the Workplace

9:00am - 12:00pm

Cairns Regional Council, Civic Reception Room

29
JULY

July Business Luncheon - Cairns Economic Outlook

11:30am - 2:00pm

Hilton Cairns

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TTNQ

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