

# CairnsWatch

March 2018



Cairns

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## OVERVIEW

The Cairns economy has remained fundamentally constant over the last month. Nevertheless we remain committed to our belief that 2018 will be the year the Cairns economy starts to sparkle.

On the property front, current market conditions are still showing minimal change and Cairns remains very much in a 'steady state' position.

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## AT A GLANCE

Airport Passenger Trend: ▲ 2.3% (February 2017 to February 2018)

Rental Vacancy Trend: ► at 1.5% (as at February 2018)

Unemployment Rate Trend: ► at 6.0% (as at February 2018)

Job Advertisements Trend: ▲ 17.3% (February 2017 to February 2018)

### The Fine Print:

Information in this publication is based on an analysis of data from a number of sources, subjected to technical procedures of seasonal adjustment and trend analysis. Seasonal adjustment is a means of removing the effects of normal seasonal variation from the data, so that comparisons can be made of data against their established seasonal patterns. Trend analysis smooths the seasonally adjusted estimates to provide a clearer picture of the underlying behaviour of the series over time. The trend estimates are derived by applying a 13-term Henderson-weighted moving average to the seasonally adjusted data. It applies the same procedures used by the Australian Bureau of Statistics in producing trends for national aggregates.

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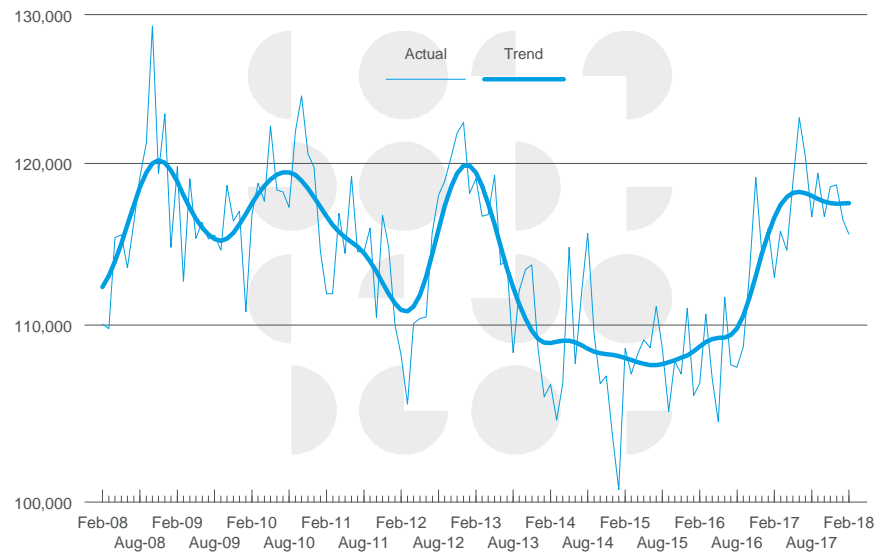
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## EMPLOYMENT

### Persons Employed in the Cairns Region

Number of Persons Employed (Log Scale)



Source: Derived from ABS Labour Force Survey data

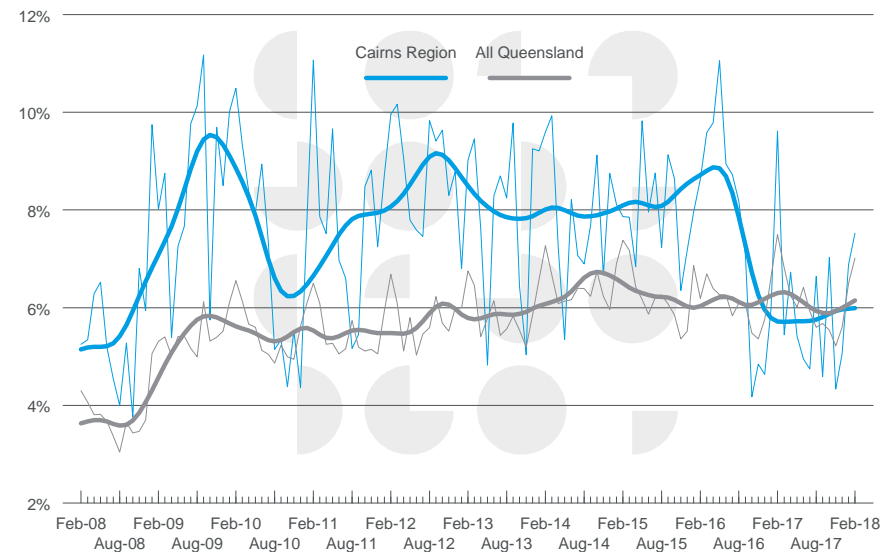
Trended employment figures for the Cairns Region (inclusive of Cairns, the Cassowary Coast, Douglas and the Tablelands) estimate that there were 117,500 persons employed during February 2018, compared to a revised trend estimate of 117,400 persons employed during January 2018.

Trend employment has increased by 0.8% over the twelve months from February 2017 to February 2018, and by 8.0% over the period from February 2016 to February 2018. Also noticeable has been a distinct move to full time employment creation (or employment conversion from part-time to full-time) as opposed to new part-time and casual jobs.

N.B. The ABS Labour Force figures are estimates derived from a sample survey of only about 500 Cairns Region residents, and hence are subject to a potentially large margin of error. Neither the actual nor the trend estimates should be interpreted as precise values.

### Cairns Region Unemployment Rate

Unemployment Rate (Actual and Trend Basis)



Source: Derived from ABS Labour Force Survey data

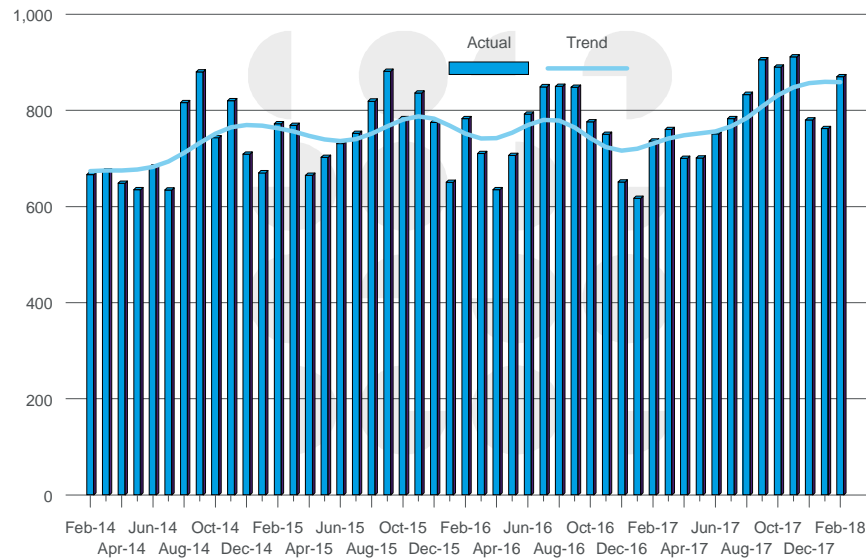
There was a significant reduction in the region's unemployment rate during 2016, but despite additional job growth, the declines in the region's unemployment rate have since steadied out as a result of more people joining the search for work. The Cairns Region had a seasonally adjusted trend unemployment rate of 6.0% as at February 2018, the same as in January 2018. In addition, the Cairns Region's January 2018 trended unemployment rate has come in marginally below to the State unemployment average of 6.1%.

N.B. To be counted as 'unemployed' in the ABS Labour Force survey you need to not have a job and be actively seeking work. People who do not have a job and are not actively seeking work are not counted as unemployed, they are regarded as 'not in the labour force'.

## EMPLOYMENT

### Cairns Job Ads

Monthly Average Jobs Advertised



Source: HTW Analysis of Employment Websites

The trend in the number of jobs being advertised on employment websites for the Cairns and Far North region has built strongly over the last twelve months, albeit that growth now appears to have tapered. Even so, the seasonally adjusted trend in the number of jobs being advertised in February 2018 is 17.3% higher than it was in February 2017.

### Herron Todd White does... Property Valuations

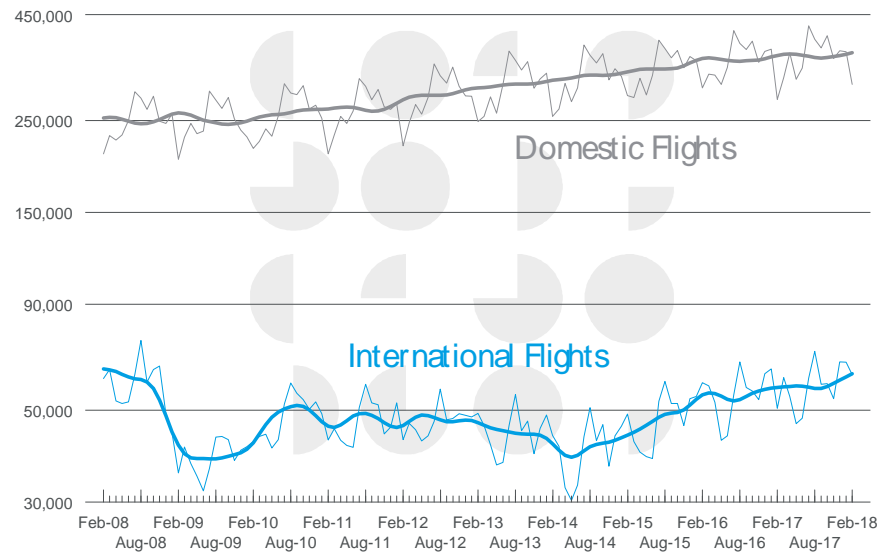
Herron Todd White Cairns has a wealth of experience in providing valuation services across the tourism, commercial, industrial, rural and residential property sectors.

From residential units and townhouses to specialist valuations, acquisitions and resumption, Herron Todd White Cairns' team of specialist staff provides valuations across all property types.

## TOURISM

### Airport Passenger Numbers

Monthly Passenger Arrivals + Departures (excl Transits)



Source: Derived from Cairns Airport data

Passenger number trends at Cairns Airport remain in steady growth mode for travellers on domestic origin/destination flights, but have picked up a notch for those on international origin/destination flights. Over the twelve months to February 2018, airport passenger numbers have shown a trend increase of 2.3% overall, consisting of a 1.5% trend increase on domestic flights, and 7.9% trend increase on international flights.

Cairns Airport comment that key contributors to the growth have been increased domestic flights and new international flights, being flown by larger aircraft with fewer empty seats.

#### Herron Todd White does...Tourism Valuations

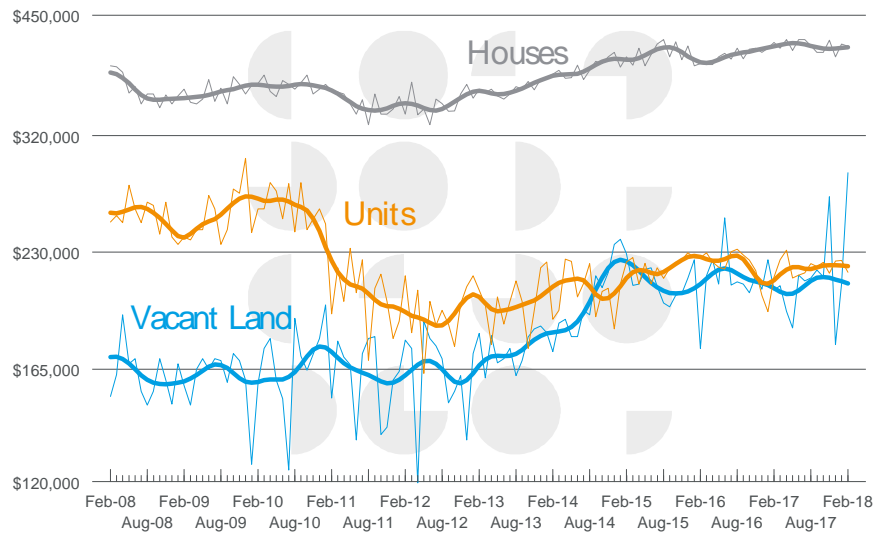
Buying or selling a tourist property?

Herron Todd White has valuers specialising in all forms of tourism related property – including pubs, roadhouses, hostels and caravan parks, and the entire accommodation spectrum from small motels and serviced apartments through to large scale resorts.

## PROPERTY

### Property Prices

Median Sale Price (Log Scale)



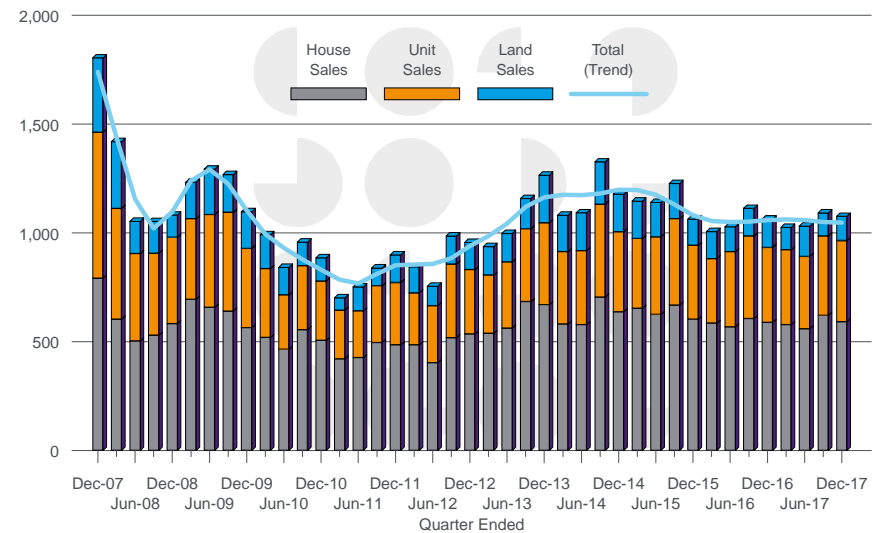
\* All sales are classified to date of contract (not date of settlement)  
\*\* Recent months are provisional and subject to revision  
Source: HTW Analysis of RPData

Median property price trends remain dead flat. In addition, even though price movements for individual properties can be mixed, our view is that market prices overall are static. The latest trend median prices, for properties sold in the month of February 2018, came in at \$411,000 for a house, \$221,000 for a unit, and \$210,000 for a block of land. Trend median price movements over the twelve months to February 2018 have demonstrated changes of -0.2% for houses, +4.0% for units and +1.4% for vacant land.

N.B. The median property price is the actual sale price of the middle-priced property from the list of properties sold each month. Movements in median prices do not necessarily equate to movements in individual property values.

### Property Sales

Number of Sales per Quarter

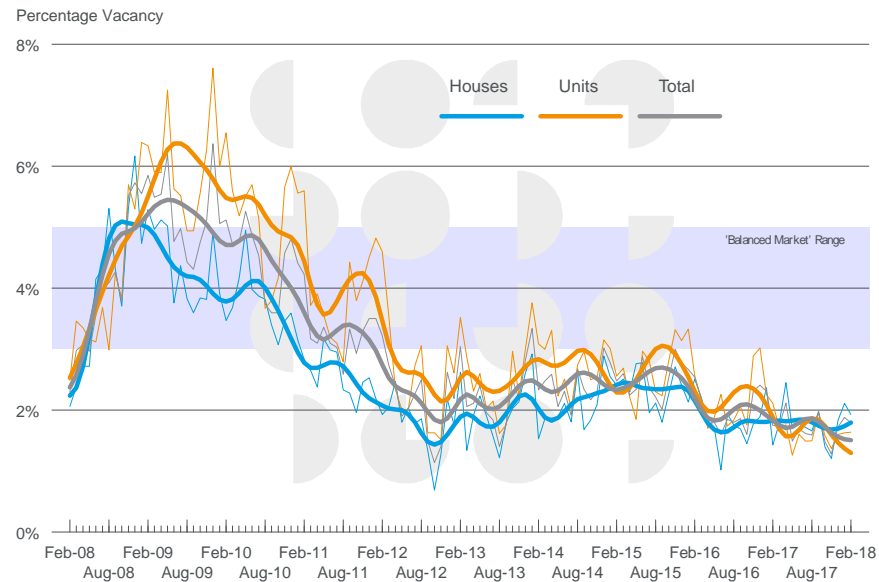


\* All sales are classified to the date of contract  
\*\* Recent quarters are provisional and subject to revision  
Source: HTW Analysis of RPData

The trend in real estate sale numbers was once again unchanged in the latest quarter, continuing the dead flat sales conditions that have been in evidence since the start of 2016. The trend number of sales taking place in the December quarter of 2017 totalled 1,048, around 10% below the levels observed in 2014-15. The trend number of sales taking place in the December quarter of 2017 reduced by 1.0% compared to the December quarter of 2016, the result of a 0.7% increase in house sales, a 1.2% reduction in unit sales and a 9.5% reduction in vacant land sales.

## PROPERTY

### Rental Vacancies



Source: HTW Rentroll Survey

Rental vacancy trends are continuing to wallow in stressed market territory, with our latest survey results showing that rental vacancy rates remain extremely tight. The latest trend rental vacancy rates for February 2018 stood at 1.8% for houses, 1.3% for units and 1.5% overall. Coupled with the low level of new rental supply being created due to relatively low levels of new housing construction and reduced levels of investor housing activity, rental market conditions are expected to stay tight and/or stressed for some time.

#### Herron Todd White does... Tax Depreciation Schedules

Do you have an up-to-date tax depreciation schedule?

You could be missing out on thousands of dollars each year in allowable depreciation for your investment property.

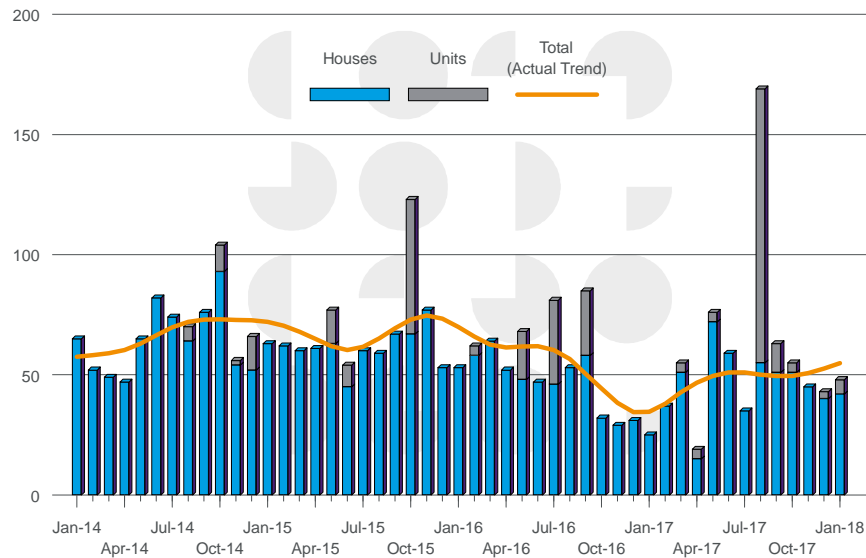
Depreciation is an important part of maximising your investment returns from an income generating property.

Contact us on 4057 0200 for an obligation-free quote.

## PROPERTY

### Building Approvals

Number of New Dwellings Approved in Cairns Urban Area



Source: Derived from ABS data

Building approval figures for the Cairns urban area appear to be picking up a notch from the flat conditions observed in mid 2017. However they remain at quite low levels by long term historical standards. Approval figures for January 2018 are indicating a trend of around 50 houses and 5 units being approved per month. In trend terms the January 2018 approvals were 58.2% above the very low levels recorded in January 2017, but are still well below the levels recorded in January 2016.

#### Herron Todd White does...Rural Valuations

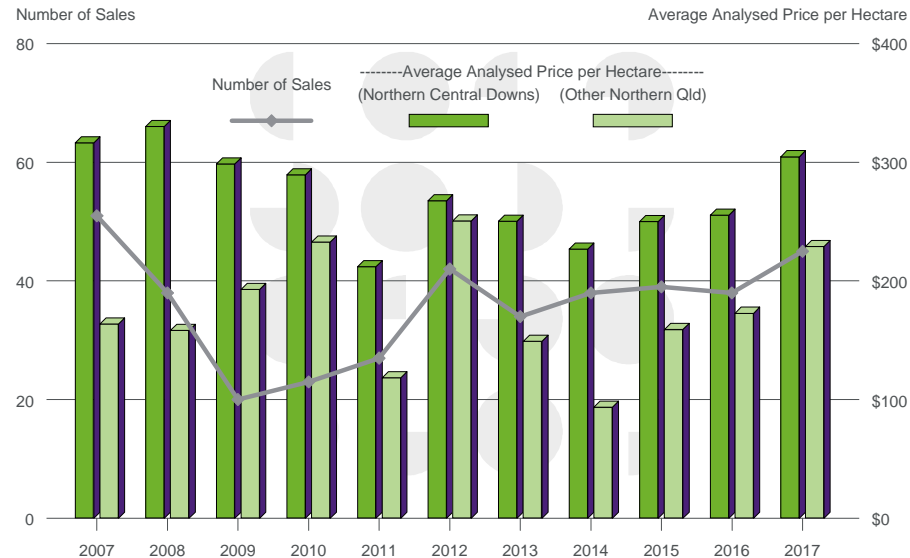
Selling the farm?

Herron Todd White has valuers specialising in agri-business – from cane farms to cattle properties and banana plantations.



## SPECIAL TOPIC

### North Queensland Cattle Property Prices\*



\* Properties > 2,500ha  
Source: HTW Analysed Sales

While sales rates for Northern Queensland cattle properties/stations (over 2,500 hectares) have been steadily increasing since 2009, prices have been affected by drought conditions in much of the region, and have only really started to move over the last two years. In addition, grazing property values for 2017 have been inflated by a sales mix skewed towards good country and a lack of sales of secondary type stations. The degree of property market value increase for 2017 reflected by our analysis is overstating the true rate of growth. If there were a true mix of land sale types, the trend for 2017 would still be showing an increase in values, but by a much lesser amount.

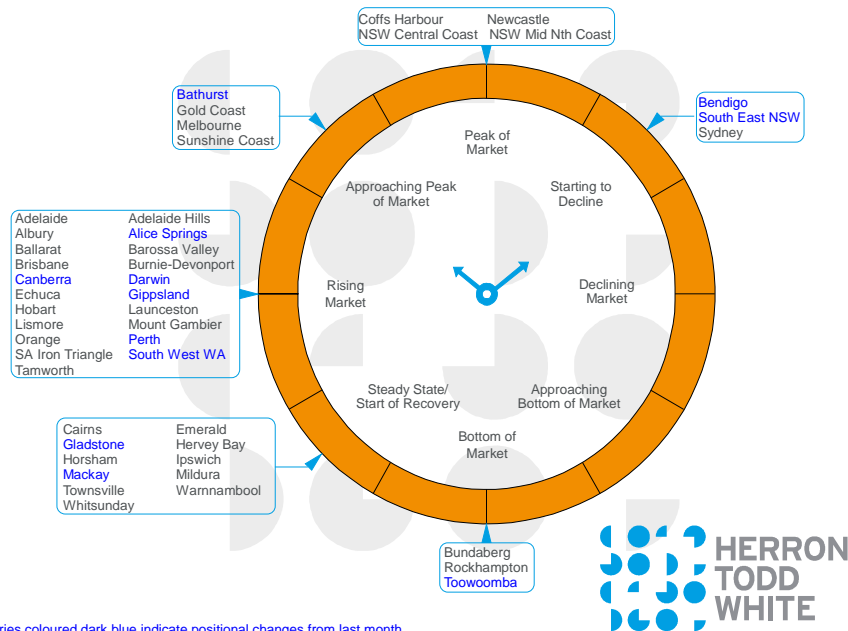
#### Herron Todd White does... Socio-Economic Research

Herron Todd White Cairns carries out specialist project consulting assignments in all areas of socio-economic research, including demographic studies, statistical surveys, market research, strategy planning, cost benefit studies, and socio-economic impact assessment.

Contact us today to discuss your requirements.

## PROPERTY

### National Property Clock



Entries coloured dark blue indicate positional changes from last month  
 Source: Residential Property Ratings Compiled by Herron Todd White, February 2018

#### Herron Todd White does... Townsville Market Information

Herron Todd White produces a quarterly publication of Townsville Market Information entitled *Townsville in Focus*. Like CairnsWatch, it is free of charge.

For further enquiries or to subscribe, contact [townsville@htw.com.au](mailto:townsville@htw.com.au) or call (07) 4724 2000.

Herron Todd White's National Property Clock is prepared each month based on the local market perceptions of its Australia-wide network of offices.

Though we are expecting the Cairns market to experience greater impetus during 2018, current conditions mean we continue to regard Cairns as maintaining a 'Steady State'.