

CairnsWatch

April 2018



Cairns

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OVERVIEW

The Cairns economy became becalmed over the last month as business conditions flattened out. However we are interpreting this as a 'calm before the storm', indicative of the traditionally quiet March to May growth season. We are still confident that 2018 will be the year the Cairns economy starts to take off.

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

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AT A GLANCE

- Airport Passenger Trend: ▲ 3.2% (March 2017 to March 2018)
- Population Growth Rate: ▲ to 1.3% (30 June 2016 to 30 June 2017)
- Unemployment Rate Trend: ▲ to 6.5% (as at March 2018)
- Job Advertisements Trend: ▲ 16.3% (March 2017 to March 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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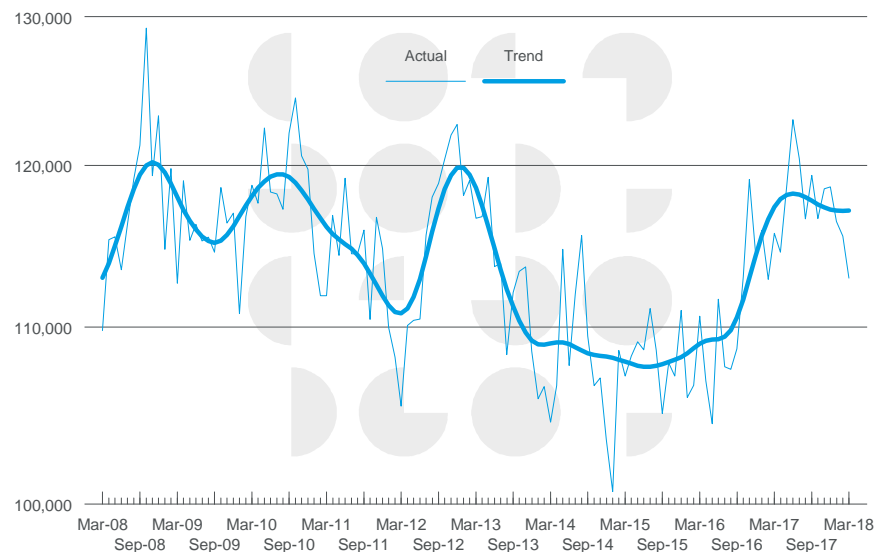
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EMPLOYMENT AND DEMOGRAPHY

Persons Employed in the Cairns Region

Number of Persons Employed (Log Scale)



Source: Derived from ABS Labour Force Survey data

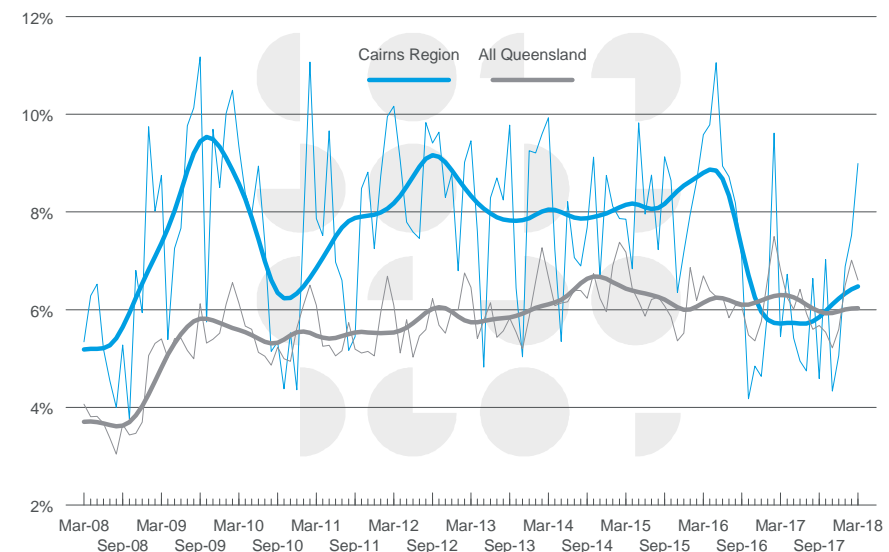
Trended employment figures for the Cairns Region (inclusive of Cairns, the Cassowary Coast, Douglas and the Tablelands) estimate that there were 117,100 persons employed during March 2018, identical to the revised trend estimate of 117,100 persons employed during February 2018.

Trend employment has built by 8.9% over the three years from March 2015 to March 2018, but that growth has tapered off noticeably over the last six to nine months. The current employment trend can now only be described as static.

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

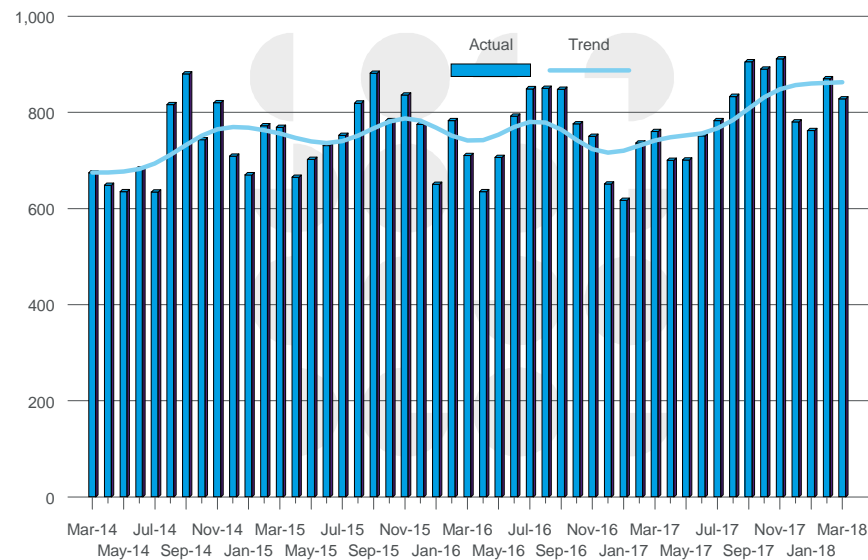
There was a significant reduction in the region's unemployment rate during 2016, but the region's unemployment rate has since started climbing again, initially as a result of more people joining the search for work and more recently as jobs growth has started to falter. The Cairns Region had a seasonally adjusted trend unemployment rate of 6.5% as at March 2018, up slightly on the revised trend estimate of 6.4% as at February 2018. In addition, the Cairns Region's March 2018 trended unemployment rate has moved back above the State unemployment average of 6.0%.

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 AND DEMOGRAPHY

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, but that growth has tapered off significantly over the last three to four months. The seasonally adjusted trend in the number of jobs being advertised in March 2018 is 16.3% higher than it was in March 2017, but only 0.6% higher than it was in December 2017.

Herron Todd White does... Property Valuations

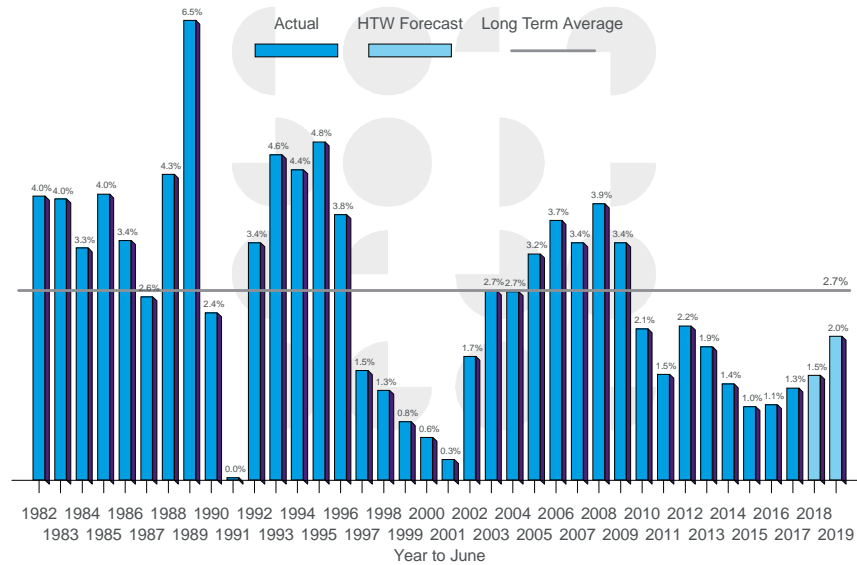
Herron Todd White Cairns has a wealth of experience in providing valuation services across the tourism, commercial, industrial, rural and residential property sectors.

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.

EMPLOYMENT AND DEMOGRAPHY

Speical Topic: Population Growth

Rate of Growth %pa



Source: ABS, HTW Research

Cairns (defined as the urban area from the Goldsborough Valley through to Ellis Beach) experienced population growth of 1.3% over the 12 months to 30 June 2017, with its official resident population reaching 161,017 as of that date. Its population growth rate has rebuilt slowly over the last three years, from 1.0% in the twelve months to June 2015, to 1.1% in the twelve months to June 2016, and 1.3% in the twelve months to June 2017.

Our population model predicts that Cairns' population growth rate will further increase to about 1.5% in the 12 months to 30 June 2018, and if all goes as swimmingly with the Cairns economy as expected this year, will be followed by about 2.0% growth in the 12 months to 30 June 2019.

Herron Todd White does... Socio-Economic Research

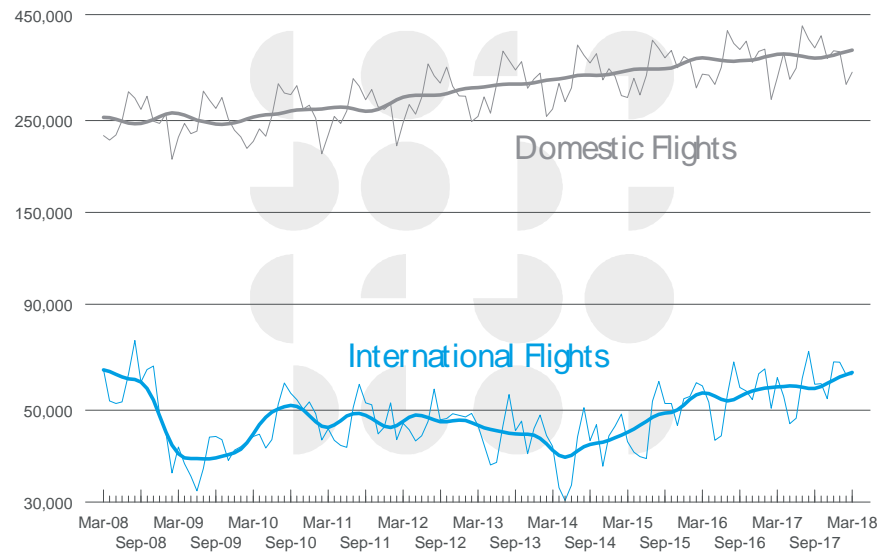
Herron Todd White Cairns carries out specialist project consulting assignments in all areas of socio-economic research, including demographic studies, statistical surveys, market research, strategy planning, cost benefit studies, and socio-economic impact assessment.

Contact us today to discuss your requirements.

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, and have picked up a notch for those on international origin/destination flights. Though airport passenger comparisons over the twelve months to March 2018 have been potentially inflated by the early Easter this year compared to last, they have nevertheless shown an overall trend increase of 3.2%, consisting of a 2.4% trend increase on domestic flights, and 8.3% trend increase on international flights.

Herron Todd White does...Tourism Valuations

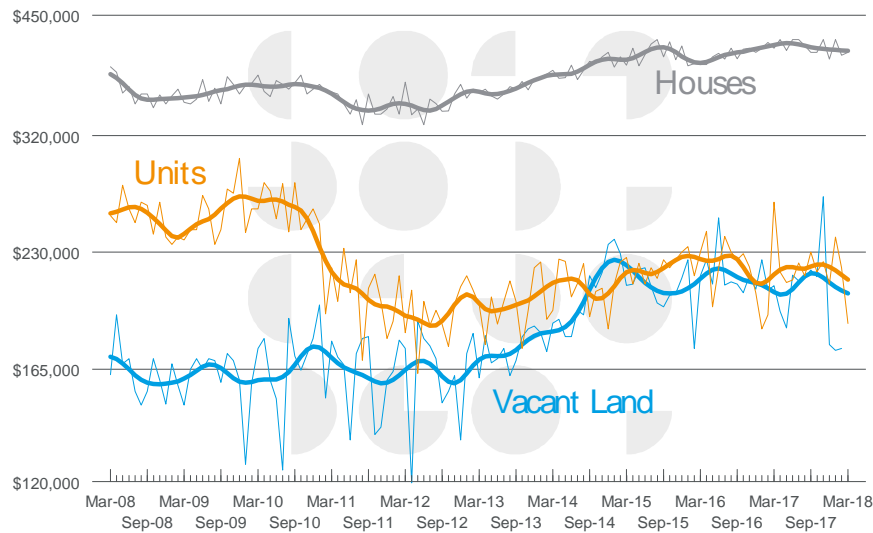
Buying or selling a tourist property?

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

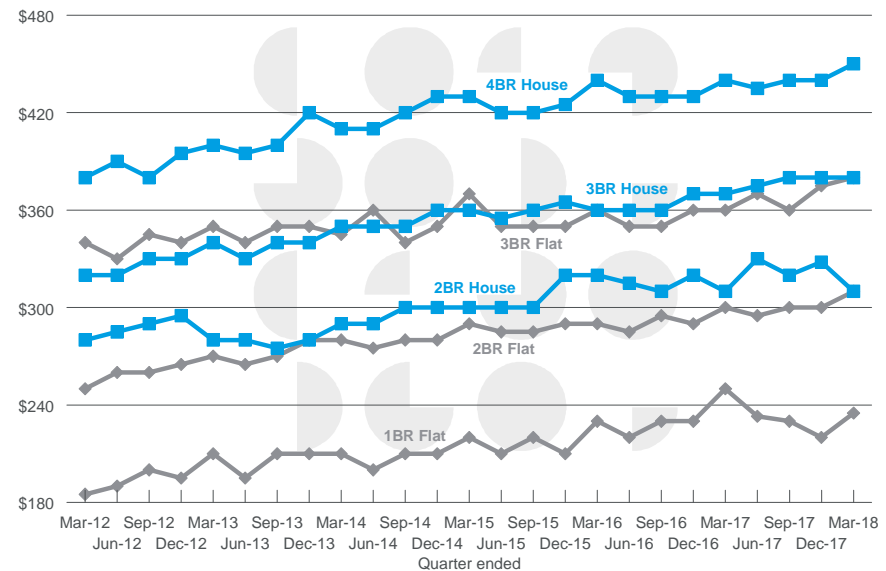
Source: HTW Analysis of RPData

Although median price trends have technically declined over the last three months, our in-market perception is that overall property prices have remained static. The latest trend median prices, for properties sold in the month of March 2018, came in at \$407,000 for a house, \$213,000 for a unit, and \$206,000 for a block of land. Trend median price movements for the twelve months to March 2018 have demonstrated changes of -1.7% for houses, -1.4% for units and -0.6% 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 Rents

Median Rent (\$ per week)



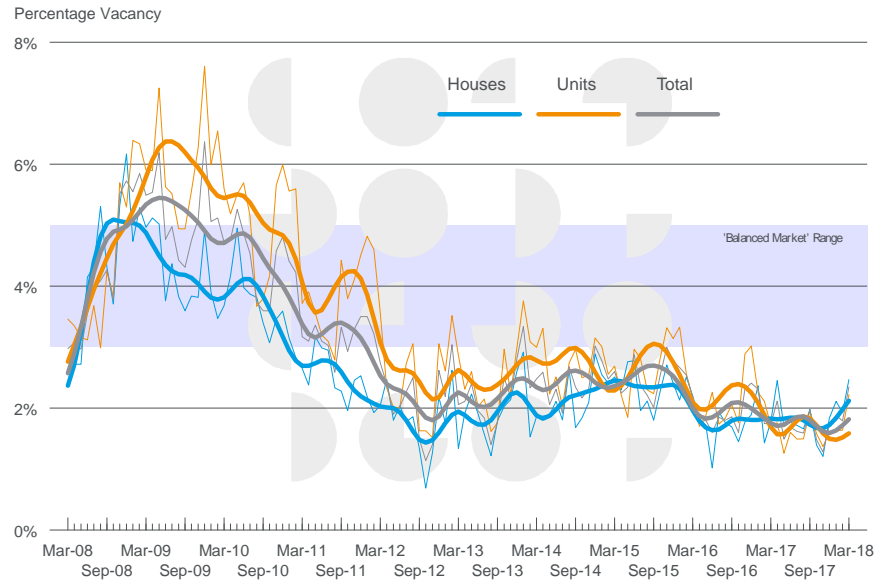
Source: Queensland Residential Tenancies Authority

Low rental vacancy rates have been placing mild upward pressure on rents in year-on-year terms consistently over the last six years. Over the twelve months to March 2018 the Cairns weighted average median rent has increased from \$400 to \$405 per week for houses, and from \$290 to \$295 per week for units. The very low rental vacancy rates being observed in the current market are likely to intensify upward pressure on rents in coming quarters, but will not be able do so indefinitely for rental affordability reasons.

N.B. The median rent is the middle-priced rental from the list of properties rented during the quarter. Movements in median rents do not necessarily equate to movements in individual property rents.

PROPERTY

Rental Vacancies



Source: HTW Rentroll Survey

Though rental vacancy trends have wobbled somewhat in recent months, rental vacancy rates remain extremely tight and continue to indicate stressed market conditions, especially for units. Our latest survey results show that the trend rental vacancy rates for March 2018 stood at 2.1% for houses, 1.6% for units and 1.8% 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.

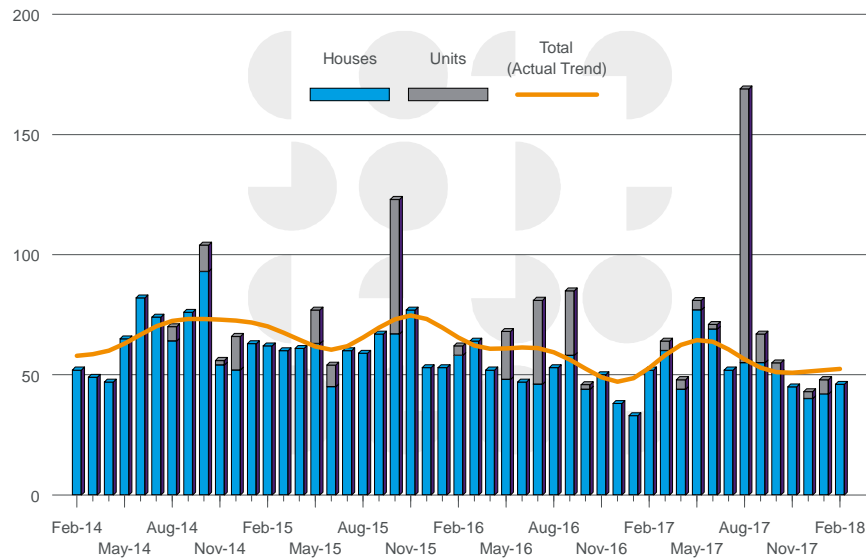
Depreciation is an important part of maximising your investment returns from an income generating property.

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 for the period October 2016 to September 2017 have been revised significantly upwards by the ABS (by a 22% increase compared to before), with the result that the building approval slump previously recorded for 2016-17 has now been substantially revised away. Building approval levels over the last four years now present a flattish trend that has remained at consistently low levels by long term historical standards. Approval figures for February 2018 are indicating a trend average of around 49 houses and 2 units being approved per month. In trend terms the February 2018 approvals were 0.7% below the (revised) levels recorded in February 2017, and 19.9% below the levels recorded in February 2016.

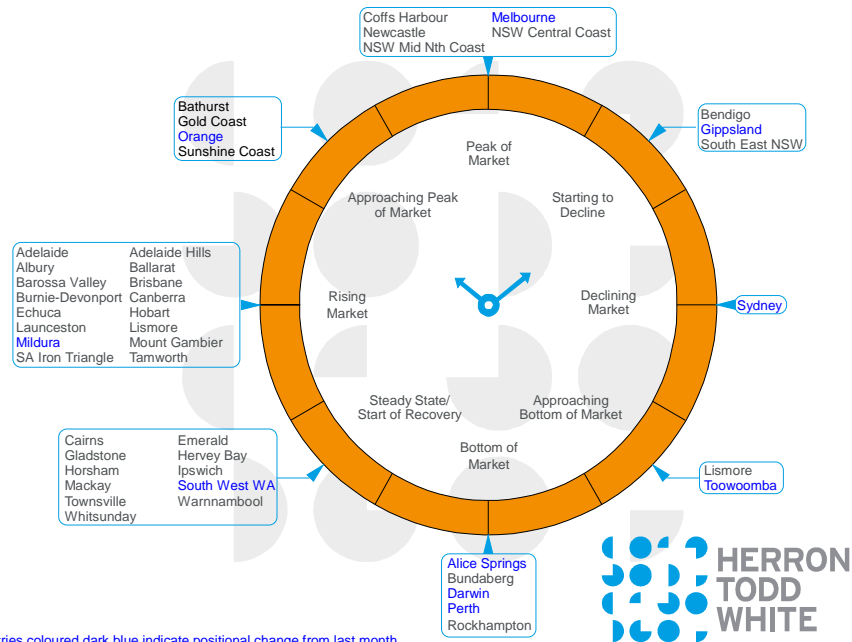
Herron Todd White does...Rural Valuations

Selling the farm?

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

PROPERTY

National Property Clock



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

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'.

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 or call (07) 4724 2000.