

CairnsWatch

January 2017



Cairns

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OVERVIEW

Cairns has experienced mixed economic indicators over the last month. Tourism and employment remain positive but job advertising, property and construction indicators have slowed. Cairns overall continues to improve but the pace of improvement is by no means uniform across all activities and sectors.

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AT A GLANCE

Airport Passenger Trend:	▲ 1.4% (December 2015 to December 2016)
Employment Trend:	▲ 6,100 (December 2015 to December 2016)
Unemployment Rate Trend:	▼ to 5.1% (December 2016)
Job Ad Trend:	▼ 9.8% (December 2015 to December 2016)

The Fine Print:

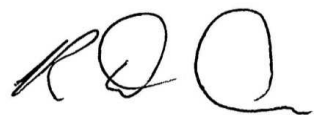
Information in this publication is based on an analysis of data from a number of sources, subjected to technical procedures of seasonal adjustment and trend analysis. Seasonal adjustment is a means of removing the effects of normal seasonal variation from the data, so that comparisons can be made of 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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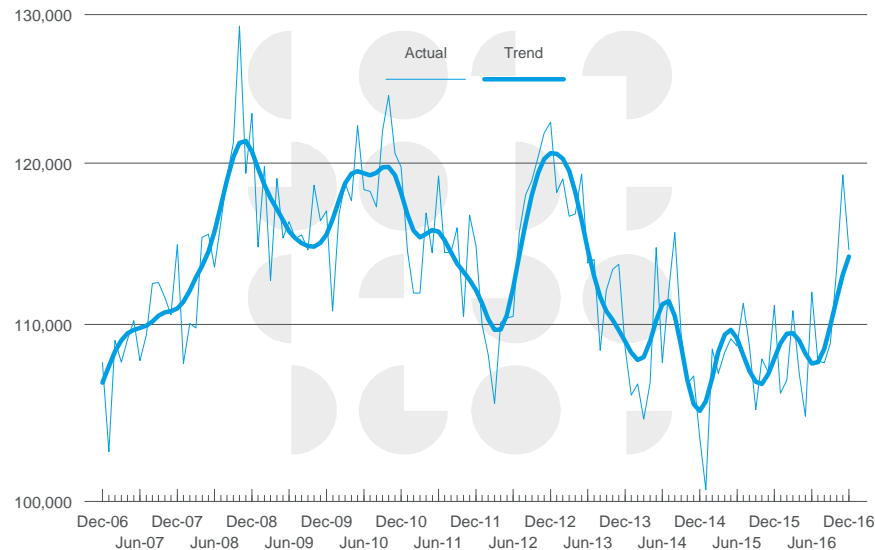
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EMPLOYMENT

Persons Employed in the Cairns Region

Number of Persons Employed (Log Scale)



Source: Derived from ABS Labour Force Survey data

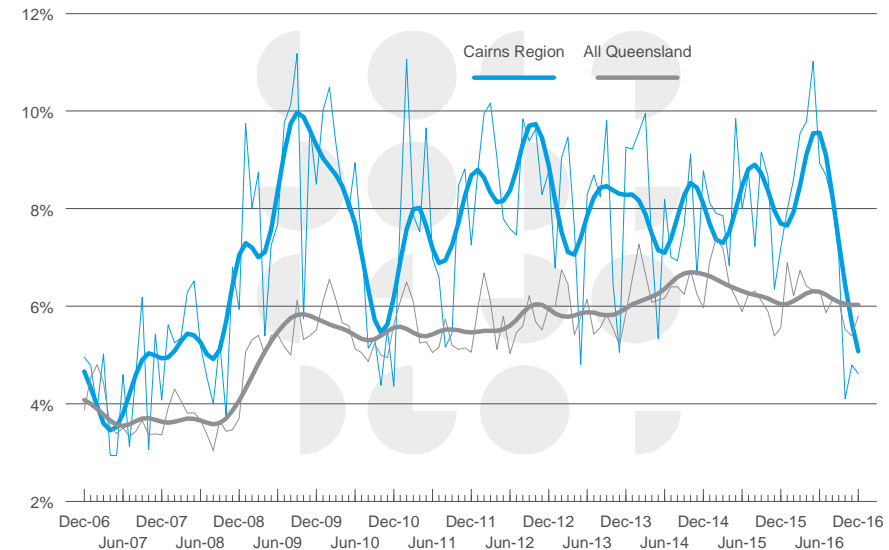
ABS headline figures for the Cairns Region (inclusive of Cairns, the Cassowary Coast, Douglas and the Tablelands) give an estimate of 114,500 persons employed during December 2016, compared to a headline estimate of 119,200 persons employed during November 2016.

When analysed more reliably in trend terms, employment grew to reach a seasonally adjusted trend level of 114,100 persons employed in December 2016. This represents an increase of 6,100 persons in employment in the region since December 2015.

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 headline 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

The Cairns Region's highly volatile headline unemployment rate maintained an extraordinarily low level of 4.6% in December 2016, compared to a headline high of 11.0% just seven months earlier in May 2016. We continue to regard this drop as an implausible result.

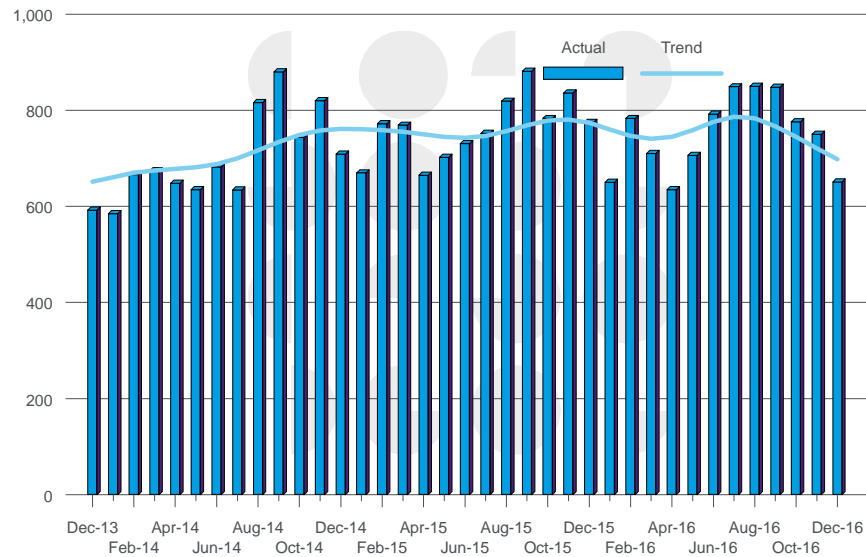
Recent headline results have also affected the veracity of our trend calculations. At face value they indicate that the region's unemployment rate has reduced sharply in trend terms, down to 5.1% in December 2016, a level now below the State average.

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 tapered from the highs achieved in mid 2016. This has resulted in the trend in the number of jobs advertised in December 2016 being 9.8% lower than it was in December 2015.

Herron Todd White does... Property Valuations

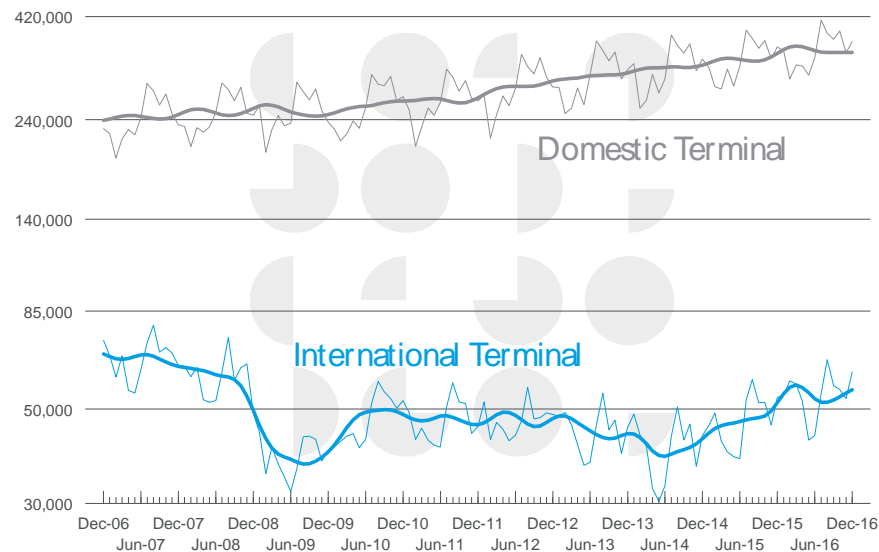
Herron Todd White Cairns has a wealth of experience in providing valuation services across the tourism, commercial, industrial, rural and residential property sectors.

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 are a touch softer than the high levels experienced in early 2016, but year-on-year growth is nevertheless being maintained at both the international and domestic terminals. Over the twelve months to December 2016, passenger numbers have increased in trend terms by 0.5% at the domestic terminal, 7.1% at the international terminal, and 1.4% overall.

Recent influences noted by Cairns Airport include Jin Air commencing seasonal services between Seoul and Cairns during December. This is the airline's first Australian service destination. Bali Jetstar started flying its 4th flight per week to Bali in early December. This additional flight will be operated year-round.

Herron Todd White does...Tourism Valuations

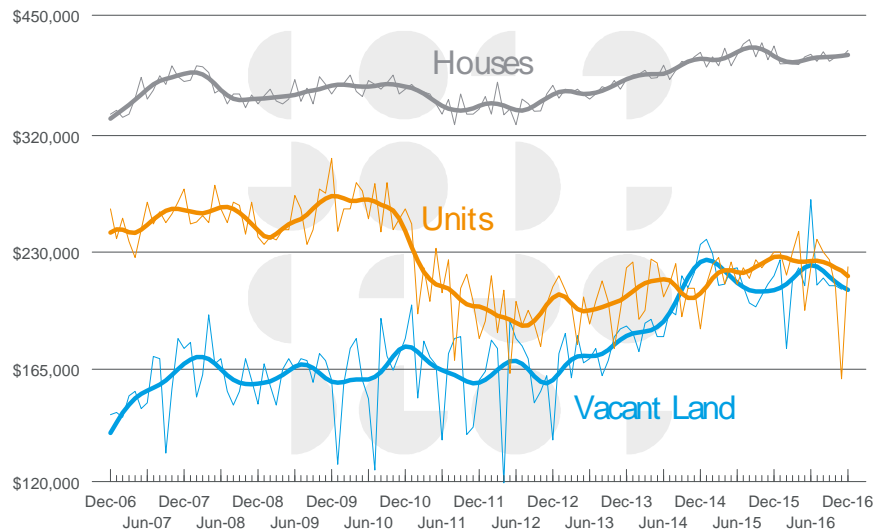
Buying or selling a tourist property?

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

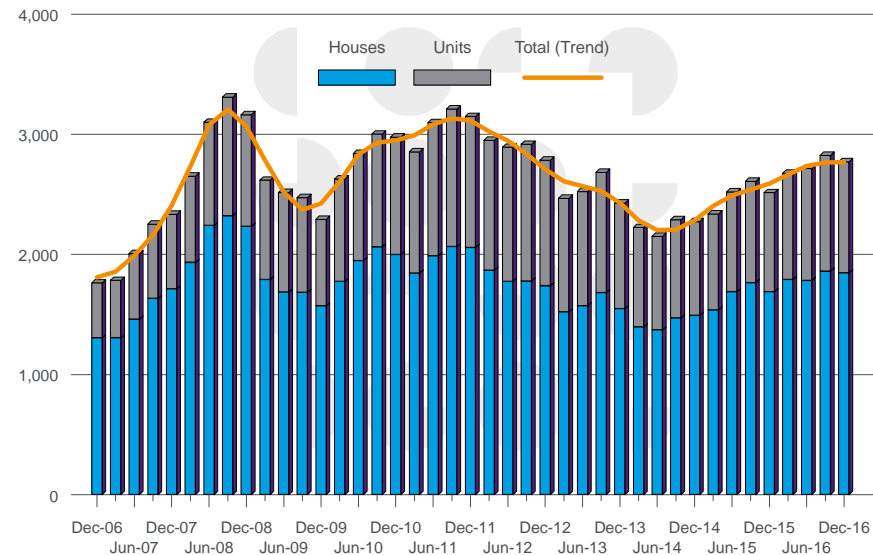
Source: HTW Analysis of RPData

The Cairns median house price trend has remained basically flat during 2016, with its December 2016 reading of \$402,300 showing little difference compared its level of \$400,800 in December 2015. Meanwhile the median unit price trend has reduced during 2016, with its December 2016 level of \$215,000 being 5.3% lower than it was in December 2015. The median land price trend ended up at \$206,600 in December 2016, compared to \$206,500 in December 2015.

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 Listings

Number of Properties Listed For Sale

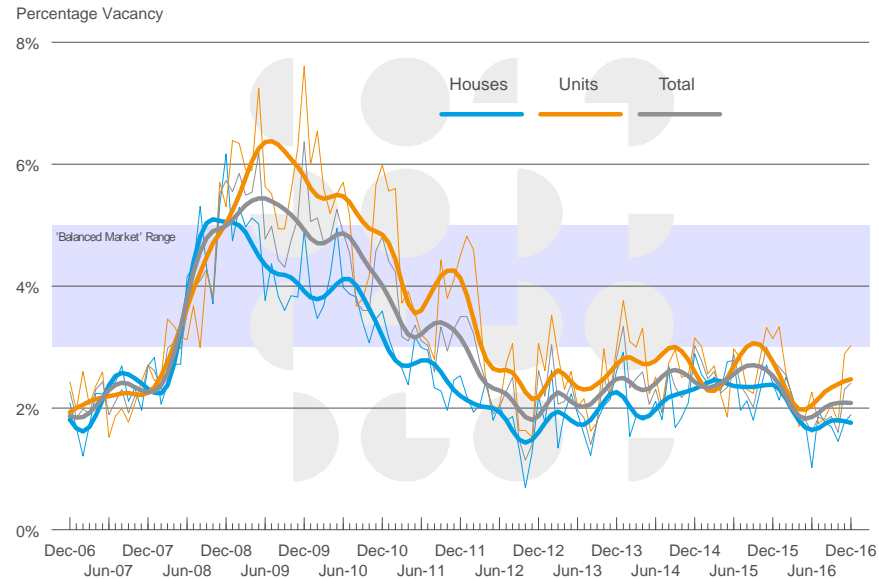


Source: HTW Analysis of RPData

The volume of property listed for sale has been steadily rising since 2014, initially as increased prices started attracting more vendors into the market. However even though price growth is now much flatter, the volume of property for sale is still rising due to new listings exceeding the now reduced levels of sales. The number of properties listed for sale stood in trend terms at approximately 2,800 in the December quarter of 2016, consisting of approximately 1,850 houses and 950 units.

PROPERTY

Rental Vacancies



Source: HTW Rentroll Survey

Rental vacancy trend rates have steadied over the latest months for houses, but appear to be rising slightly for units. Rental vacancies overall remain indicative of a tight rental supply.

The latest trend rental vacancy rates for December 2016 stood at 1.8% for houses and 2.5% for units. The market vacancy trend overall stood at 2.1%.

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.

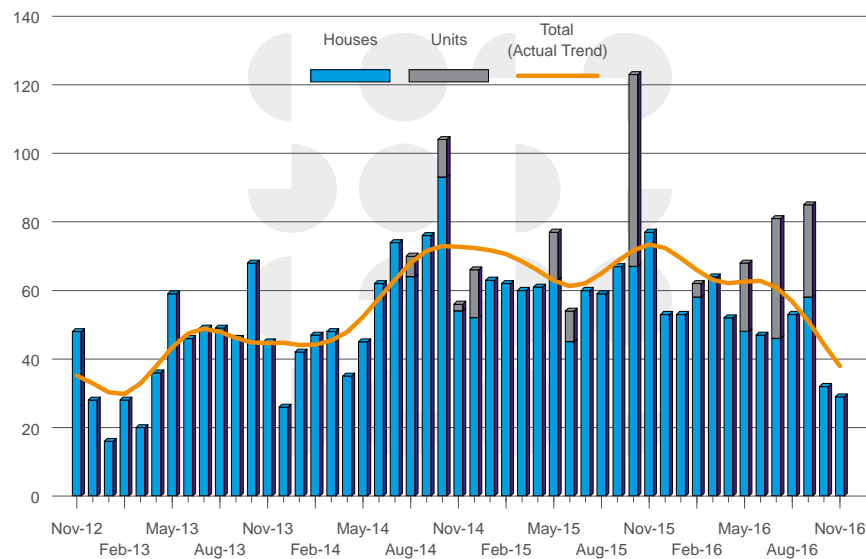
Depreciation is an important part of maximising your investment returns from an income generating property.

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 previously issued for the Cairns Regional Council area for the period July 2015 to September 2016 have been revised significantly upwards by the ABS, with the result that the declining building approvals trend previously reported by *CairnsWatch* for this period is nowhere near as sharp. However the post-September figures, for October and November 2016, remain just as lacklustre as before, and just as enigmatically indicative of a plummeting trend. At face value, building approvals for Cairns have fallen in trend terms by 51.7% between November 2015 and November 2016. However this may or may not be real!

Herron Todd White does... Socio-Economic Research

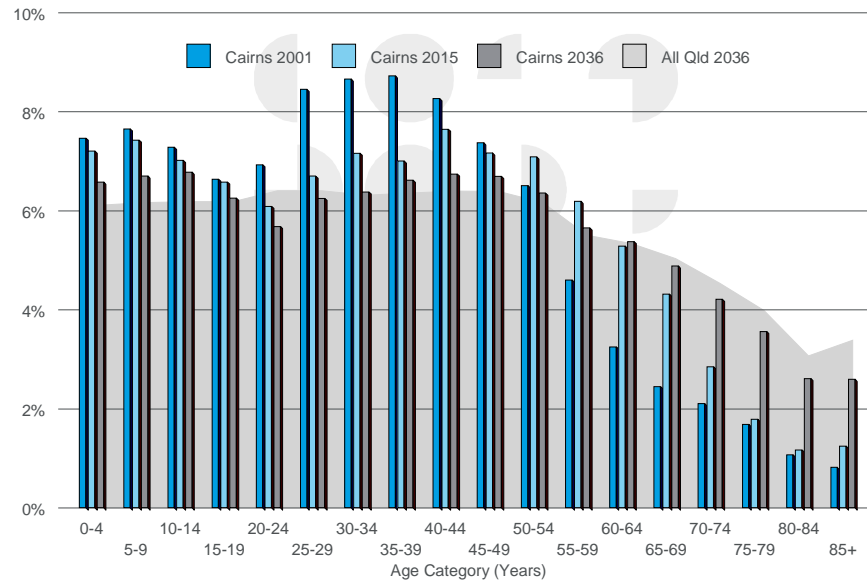
Herron Todd White Cairns carries out specialist project consulting assignments in all areas of socio-economic research, including demographic studies, statistical surveys, market research, strategy planning, cost benefit studies, and socio-economic impact assessment

Contact us today to discuss your requirements.

SPECIAL TOPIC: POPULATION

Population Age Composition

Percent of Population



Source: ABS, QGSO

Cairns used to be a city characterised as having a relatively young population, but its population structure is now ageing and moving much closer to the Queensland norm. The proportion of people in Cairns aged in their 20's and 30's has shrunk considerably, with these people giving way to increasing numbers of people in their 50s and 60s. Indeed by 2036, projections indicate there will be just as many people aged 60+ in the population in Cairns as there will be aged 15 to 39.

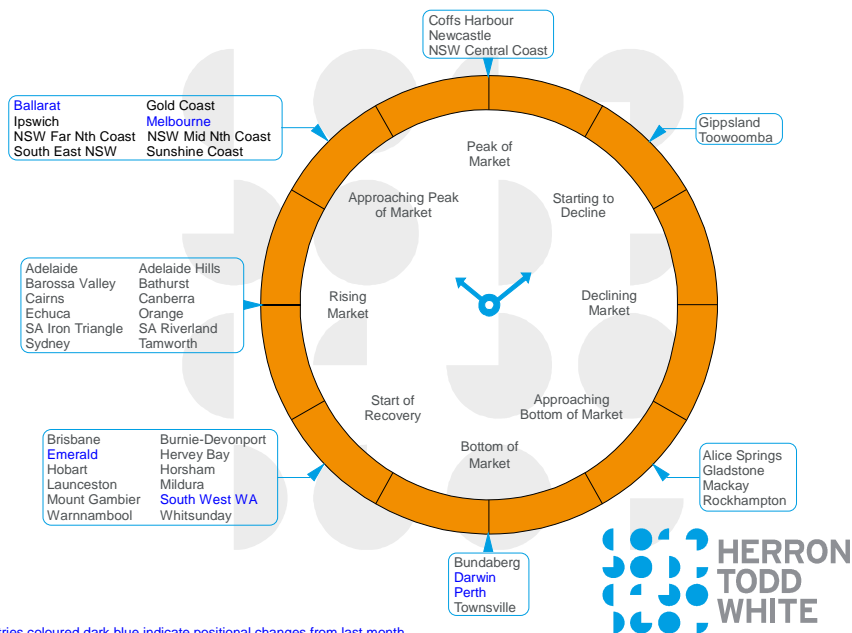
Herron Todd White does...Rural Valuations

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



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.

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

The Cairns market overall remains positioned at the 'Rising Market' phase of the cycle, but is at a flat spot in that phase due to the weakness of local property demand in some sectors.