Overview
August 2012

The latest statistical information covering the period up to June/July 2012 continues to paint a sombre picture of the Cairns economy.

However the game changer during the last month has been the China Eastern and China Southern announcements of direct flights into China, which combined with reports of a much busier tourist season this year, have inspired extra confidence in the future of Cairns economy.

The short term impacts of these developments will still only be gradual, but they are positive steps that will reinforce future growth.

If you have received this bulletin from someone else and want to be on our CairnsWatch mailing list please sign up here – it’s free!

At A Glance

| Airport Domestic Passenger Trend: | ▲ 9.4% (July 2011 to July 2012) |
| Trend Employment: | ▲ 0.5% (April 2012 to July 2012) |
| Trend Unemployment Rate: | ▲ to 9.2% (July 2012) |
| Residential Building Approvals Trend: | ▲ 31% (June 2011 to June 2012) |

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 smoothes 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.

No responsibility is accepted to any third party that may use or rely on the whole or any part of the content of this publication.

Neither the whole nor any part of this publication or any reference thereto may be included in any published or photocopied documents, circular or statement, nor transmitted or published in part or full in any way, including electronically, without written approval of the form and context in which it may appear.

Liability limited by a scheme approved under Professional Standards Legislation. The scheme does not apply within Tasmania

© HTW Copyright 2012
Employment
People Employed in FNQ

The number of people employed in the Far North (Cardwell to the Torres Strait) has moved back into growth, with a slowly rising trend now in evidence.

The trend employment total for the Far North stood at 131,200 in July 2012, a rise of 0.5% compared to April 2012.

FNQ Unemployment Trends

The region’s published unemployment rate reduced from 9.2% in June 2012 to 8.5% in July 2012.

Even so, the underlying trend is still rising slightly, lifting to 9.2% in July 2012 compared to the State average of 5.6%.
Employment
Job Ads in The Cairns Post

The numbers of jobs being advertised in The Cairns Post have reduced considerably over the last twelve months and are now at their lowest level since the 1990s.

HTW Cairns does… Property Valuations

Herron Todd White Cairns has a wealth of experience in providing valuation services across the 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

The passenger volume trend at the domestic terminal keeps on rising to record levels, with the trend having increased over the last twelve months by 9.4%.

Passenger trends at the international terminal are slipping, but the outlook for the international terminal is much rosier, with the advent of direct flights to two Chinese destinations later this year.

Source: Derived from Cairns Airport data
Property Median Property Prices

Median Sale Price (Log Scale)

- Houses
- New Units
- Established Units
- Vacant Land

Independent Property Advisors

Dec-02 Dec-03 Dec-04 Dec-05 Dec-06 Dec-07 Dec-08 Dec-09 Dec-10 Dec-11

* 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

Property turnover levels have been increasing over the last twelve months but the selling prices being achieved remain weak.

The June 2012 Cairns median house price trend came in at $336,000, which represents a decline of 3.9% since June 2011.

Meanwhile the median established unit price trend has fallen more heavily, reducing by 7.5% since June 2011 to $179,000 in June 2012.

N.B. The median property price is the 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.

Rental Vacancy Rates

- Houses
- Units
- Total

Cairns rental housing continues to show reducing vacancy trends as a result on ongoing demand and the absence of new supply.

The trend vacancy rate for houses stood at 1.9% during July 2012, while units displayed a trend vacancy rate of 2.3%. The overall market vacancy rate stood at 2.1%.
Building approvals maintained reasonable levels in June 2012, keeping the June 2012 trend close to the Building Boost grant inspired levels of February/March 2012 and 31% higher than in June 2011.

The number of new houses approved in Cairns totalled 389 in 2011-12, down only slightly on 392 new houses approved in 2010-11, but there was an almost complete absence of unit approvals with no new units approved for construction since July 2011.
The value of forward construction approvals for the Far North as a whole (not just Cairns) have held up over the last three years, at levels significantly higher than the early 2000s. Though there was a big slowdown in non-residential approvals in 2011-12, due to an absence of big ticket items such as base hospital works, school buildings and the prison as were evident in previous years, there was an uplift in residential construction influenced in part by post Cyclone rebuilding works. State and Federal Government road spending, inclusive of Cyclone recovery projects, also lifted considerably in 2011-12, and is scheduled to increase further again in 2012-13.

These conditions should maintain construction industry jobs in the region, though potentially with some re-location and re-orientation as projects ebb and flow.
The National Property Clock
July 2012

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 there were several positional changes over the last month, the Cairns market position remains unchanged at the bottom of the cycle.

HTW 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 admin.townsville@htw.com.au or call (07) 4724 2000.