

CairnsWatch

April 2017



Cairns

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OVERVIEW

The Cairns economy continued muddling along over the last month, with little directional change once again evident. Tourism and employment indicators remain encouraging, but property and construction indicators continue to lag. The one positive change is that job advertising has now started to grow.

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AT A GLANCE

Airport Passenger Trend: ▲ 0.7% (March 2016 to March 2017)

Employment Trend: ▲ 7.8% (March 2016 to March 2017)

Unemployment Rate Trend: ▲ to 6.0% (as at March 2017)

Building Approvals Trend: ▼ 53.4% (February 2016 to February 2017)

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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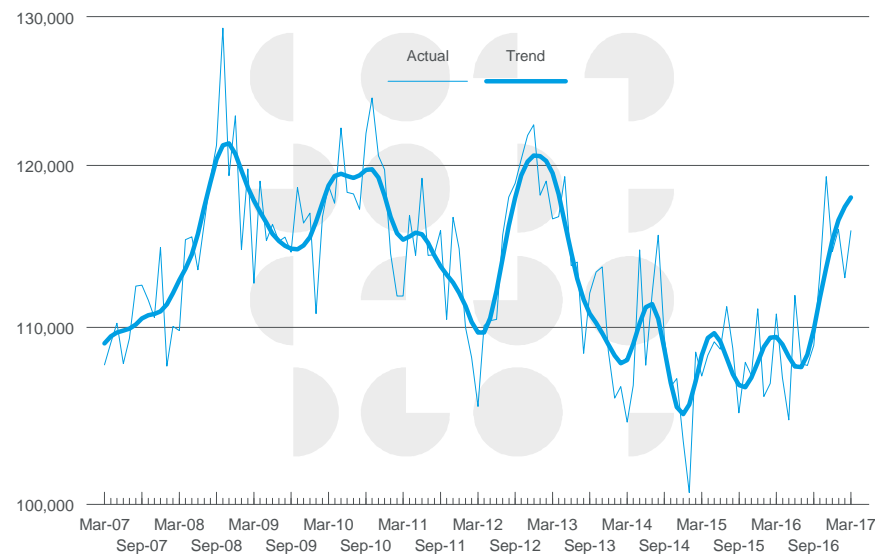
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EMPLOYMENT

Persons Employed in the Cairns Region

Number of Persons Employed (Log Scale)



Source: Derived from ABS Labour Force Survey data

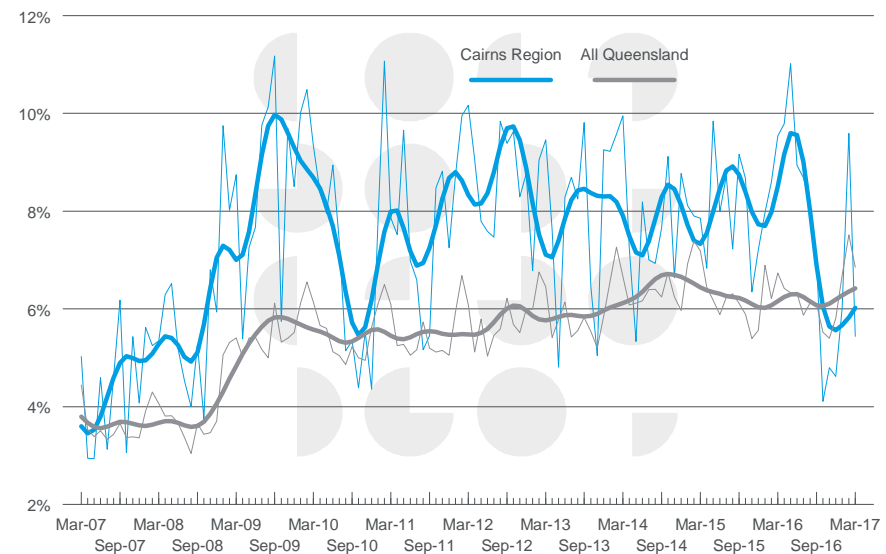
ABS headline figures for the Cairns Region (inclusive of Cairns, the Cassowary Coast, Douglas and the Tablelands) estimate that there were 115,900 persons employed during March 2017, compared to a headline estimate of 113,000 persons employed during February 2017.

Employment continues to grow strongly when more reliably analysed in trend terms. Employment grew to reach a seasonally adjusted trend level of 118,000 persons employed in March 2017, a 7.8% increase since March 2016.

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 notoriously volatile headline unemployment rate came in at 5.6% in March 2017, compared to a somewhat incredible 9.6% in February 2017.

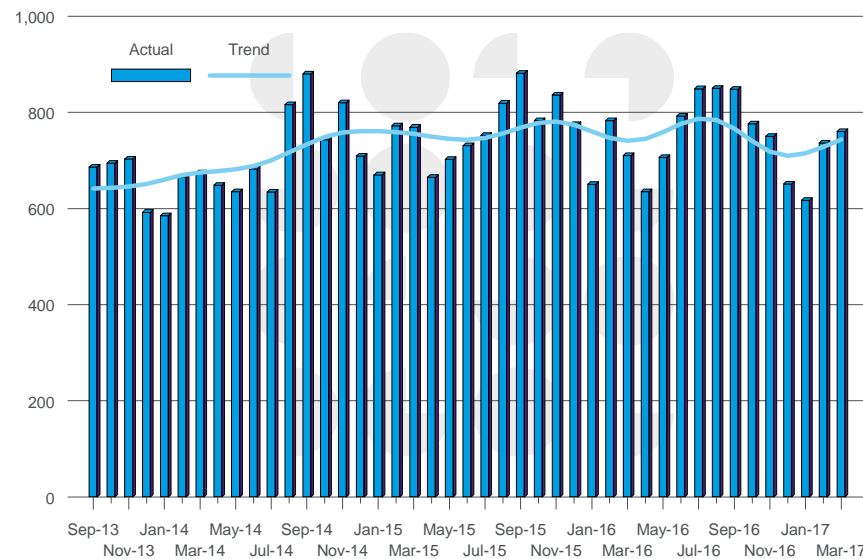
Despite the strong trend employment growth, the region's trend unemployment rate appears to be increasing again, perversely as more jobseekers come out of the woodwork to look for work. We estimate a seasonally adjusted trend unemployment rate of 6.0% in March 2017, which is still a significant improvement from its March 2016 trend level of 8.5%.

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 now appears to be rebuilding from its late 2016 declines. Even so, the trend in the number of jobs advertised in March 2017 was still only 0.4% above what it was in March 2016.

Herron Todd White does... Property Valuations

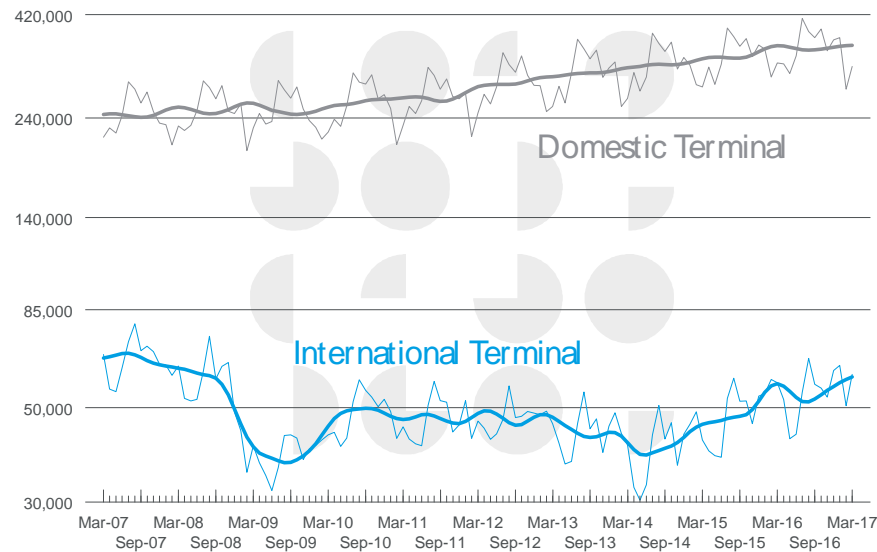
Herron Todd White Cairns has a wealth of experience in providing valuation services across the tourism, commercial, industrial, rural and residential property sectors.

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

While domestic terminal passenger numbers at Cairns Airport are showing only slow year-on-year growth, their trends are back to at an all-time record high. Meanwhile strong year-on-year growth rates continue to occur in international terminal passenger number trends. Over the twelve months to March 2017, passenger numbers have increased in trend terms by 0.2% at the domestic terminal, 3.8% at the international terminal, and 0.7% overall.

Cairns Airport notes that the number of passengers on flights to/from Japan during March 2017 was at its monthly highest level since 2005, and even more notably, this occurred outside the traditional August peak. Increases in seat capacity on flights to/from New Zealand (Auckland) and Hong Kong, which will lock in further on-going growth during 2017, were also flagged.

Herron Todd White does...Tourism Valuations

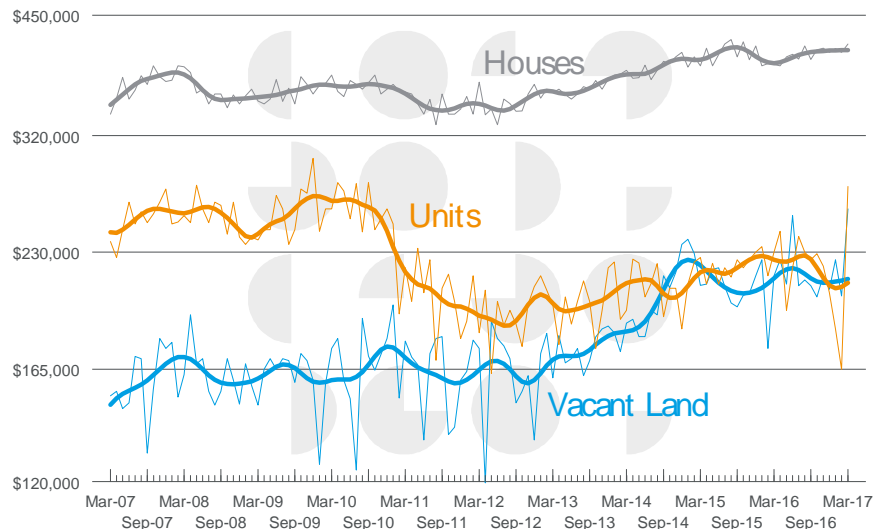
Buying or selling a tourist property?

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

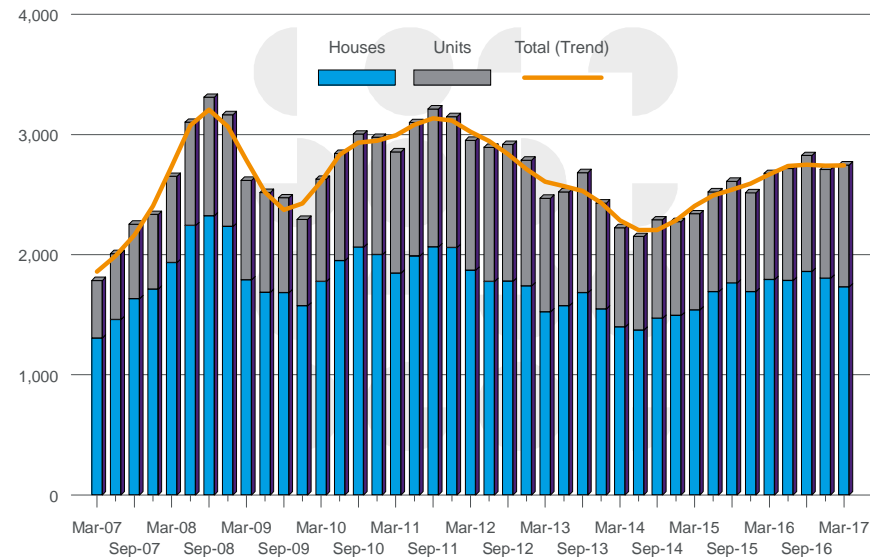
Source: HTW Analysis of RPData

Though the Cairns median house price trend has been distinctly flat over the past six months, its March 2017 reading of \$407,600 nevertheless reflects a 3.7% increase compared to March 2016. Meanwhile the median unit price trend has reduced from 2016 levels on the back of high volatility, with its March 2017 reading of \$210,800 down 6.3% on March 2016. The median land price trend ended up at \$213,000 in February 2017, down 0.2% compared to March 2016.

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 Supply

Number of Properties Listed For Sale



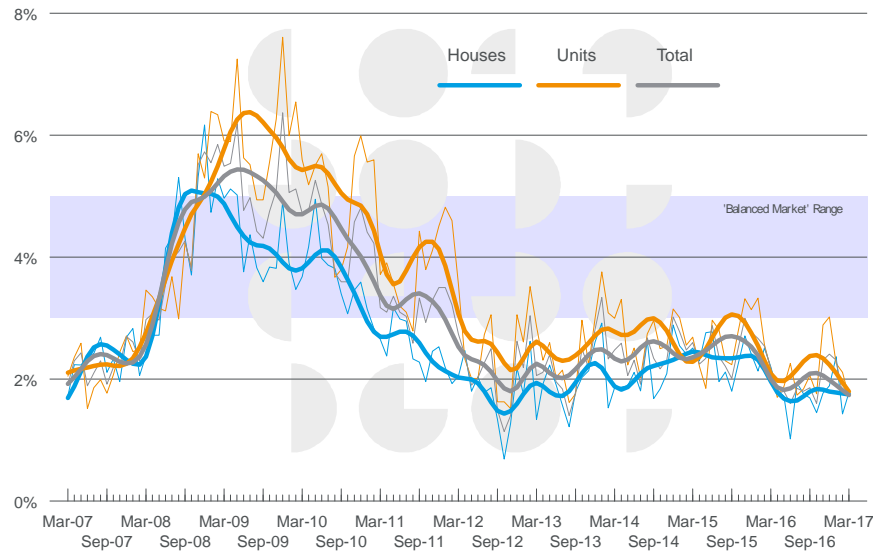
Source: HTW Analysis of RPData

The volume of residential property listed for sale in Cairns remains steady, with the number of new listings now closely matching levels of sales. Interestingly though over the last three quarters, the number of houses available for purchase has tended to reduce, while the number of units for sale has increased. The overall number of properties listed for sale stood in trend terms at approximately 2,700 in the latest quarter, made up of approximately 1,750 houses and 950 units.

PROPERTY

Rental Vacancies

Percentage Vacancy



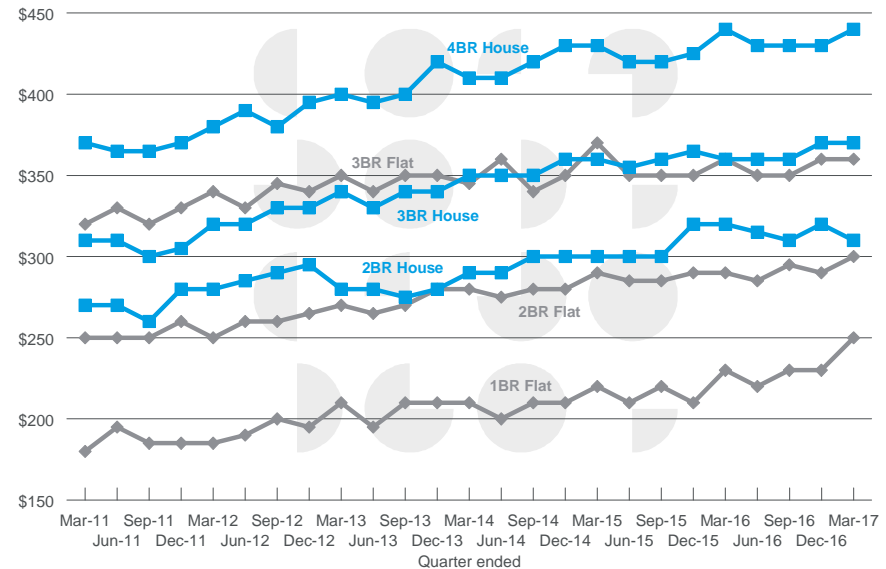
Source: HTW Rentroll Survey

Rental vacancy trend rates have remained relatively steady of late for houses, but have been reducing for units. Overall vacancies still indicate a tight rental supply.

The latest trend rental vacancy rates for March 2017 stood at 1.8%, for houses, units and the overall market alike.

Property Rents

Median Rent (\$ per week)



Source: Queensland Residential Tenancies Authority

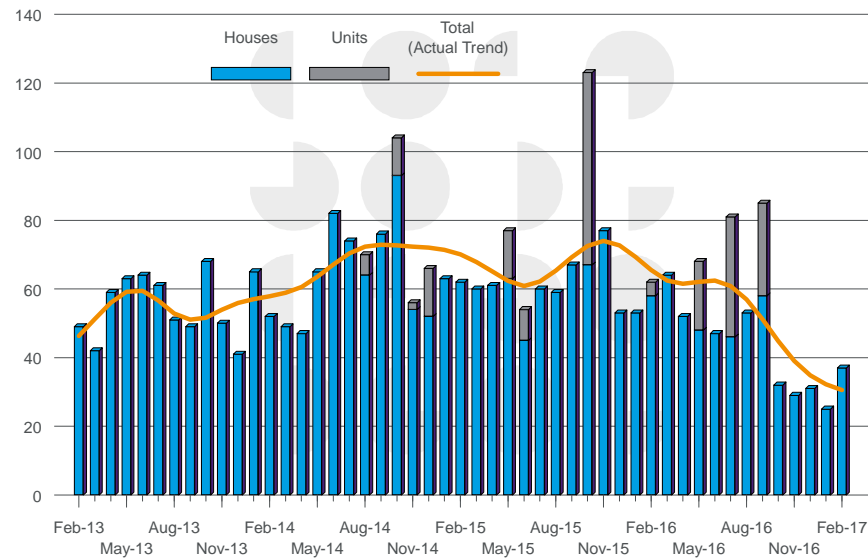
Low rental vacancy rates have been placing mild upward pressure on rents in year-on-year terms over the last six years. Over the twelve months to March 2017 the Cairns weighted average median rent has increased from \$390 to \$395 per week for houses, and from \$280 to \$290 per week for units. The low rental vacancy rates observed in the current market could be expected to continue putting slow upward pressure on rents in coming quarters, but will not be able to 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

Building Approvals

Number of New Dwellings Approved in Cairns Urban Area



Source: Derived from ABS data

Building approval figures for the Cairns urban area have fallen away significantly over the past five months. They are now sitting at a 17-year low, with a trend average of just 33 houses and no units being approved per month. In trend terms the February 2017 figures are 53.4% below those recorded in February 2016.

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.

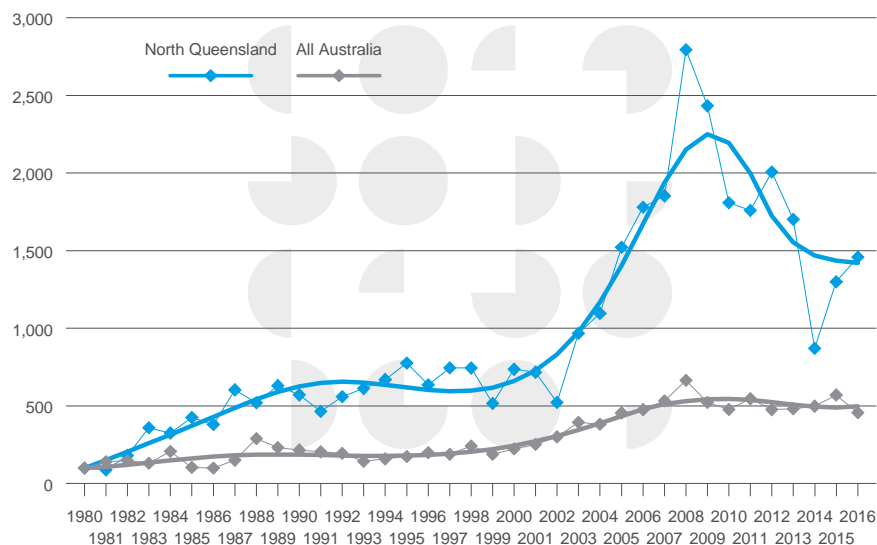
Depreciation is an important part of maximising your investment returns from an income generating property.

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

PROPERTY

Special Topic: Australian Grazing Property Index

Index of \$ per Hectare



Index of \$/ha for property sales over 2,000 ha - Base of index 1980 = 100.0
Source: HTW Research

The HTW Australian Grazing Property Index measures the long term property price growth performance of large grazing properties in Australia after adjusting for inflation.

Though the market has dropped back considerably from the 2008 peak, North Queensland grazing property prices have nevertheless increased in real terms at an average of 7.7% per annum since 1980. In addition, the post-2008 decline in North Queensland grazing property prices has steadied during 2015 and 2016, and the market is poised to rebound during 2017 from improved beef commodity market conditions. North Queensland's grazing property price growth since 1980 is also well above the national average of 4.6% per annum growth over the same period.

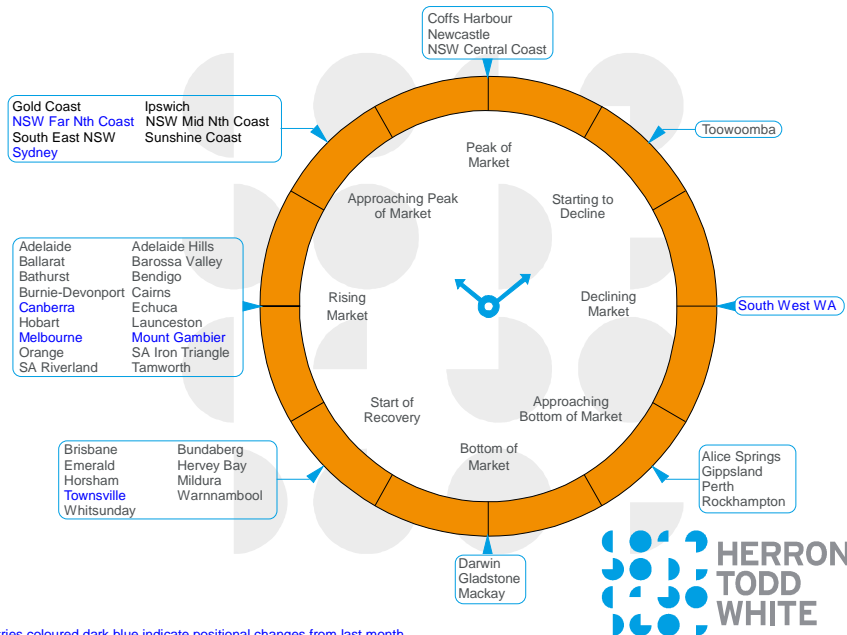
Herron Todd White does...Rural Valuations

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 changes from last month

Source: Residential Property Ratings Compiled by Herron Todd White, March 2017

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 remains patchy, with some sectors clearly rising in sentiment but others seemingly in decline. The Cairns market overall remains positioned at the 'Rising Market' phase of the cycle, but only just.

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.