

CairnsWatch

September 2017



Cairns

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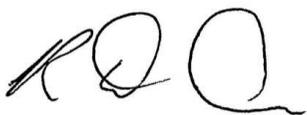
OVERVIEW

There are mixed signals on the Cairns tourism sector, with TRA Statistics (which are survey based and hence subject to sampling error) showing domestic plus international tourism going down in 2016-17, whereas airport statistics (which are accurate counts but don't cover all tourism) show an increase.

Regardless of whichever is the accurate picture, the Cairns economy has remained positive, and achieved a strong employment increase and significantly reduced unemployment during 2016-17. Furthermore these positive conditions have continued through to the current month.

On the property front, Cairns remains in a 'steady state' and its rental market conditions remain very tight.

If this CairnsWatch bulletin has been forwarded to you from someone else and you would prefer to receive it direct each month, add your name and email address [here](#) – it's simple and it's free!



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AT A GLANCE

- Airport Passenger Trend: ▲ 3.7% (August 2016 to August 2017)
Employment Trend: ▲ 10.2% (August 2016 to August 2017)
Unemployment Rate Trend: ▲ to 5.7% (as at August 2017)
Rental Vacancy Rate Trend: ► at 1.8% (as at August 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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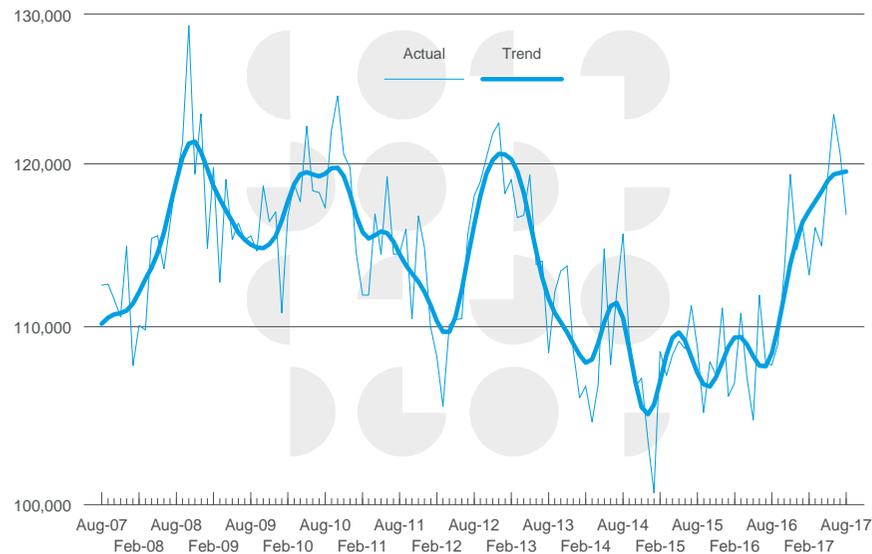
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EMPLOYMENT

Persons Employed in the Cairns Region

Number of Persons Employed (Log Scale)



Source: Derived from ABS Labour Force Survey data

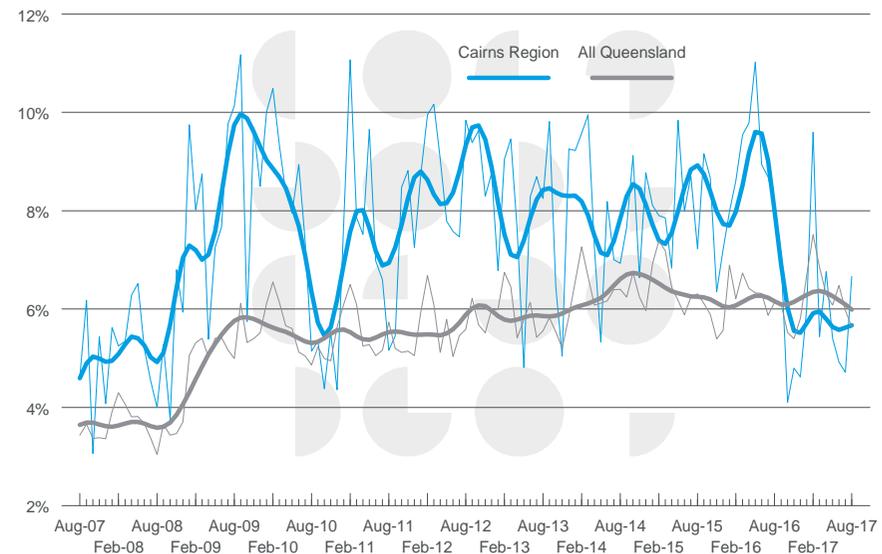
Trended employment figures for the Cairns Region (inclusive of Cairns, the Cassowary Coast, Douglas and the Tablelands) estimate that there were 119,500 persons employed during August 2017, up marginally from a revised trend estimate of 119,400 persons employed during July 2017.

The employment trend has shown consistently strong growth over the last twelve months. Trend employment has increased by 11,100 persons over the twelve months from August 2016 to August 2017, which represents an increase of 10.2% over the period.

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

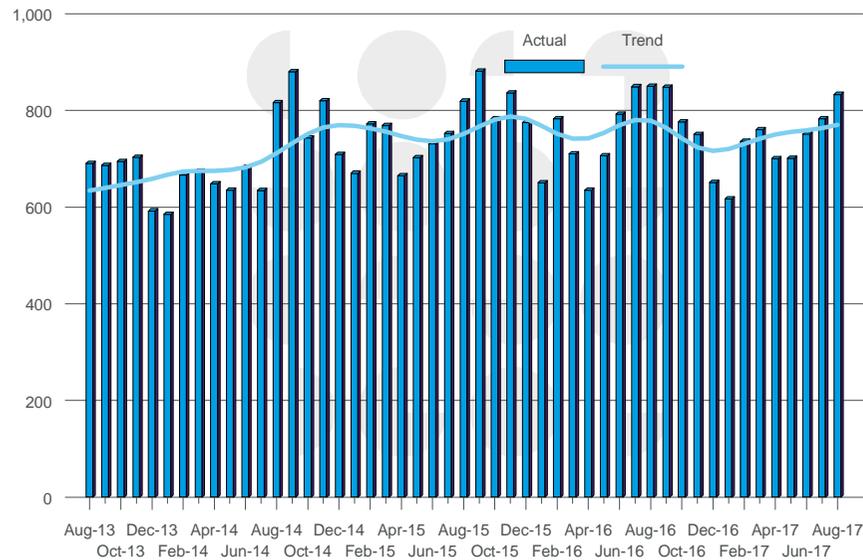
Strong employment growth has flowed though into a significant reduction in the region's unemployment rate trend compared to twelve months ago. Even so, declines in the region's unemployment rate have flattened off over the last few months as a result of more and more people entering the labour force to look for work. The Cairns Region had a seasonally adjusted trend unemployment rate of 5.7% as at August 2017, up slightly from a revised trend of 5.6% in July 2017. Despite the slight rise, the Cairns Region's trended unemployment rate remains respectably below the August 2017 State 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

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 continues to rebuild from its late 2016 declines. Even so, the trended number of jobs being advertised in August 2017 still sits 1.0% below what it was in August 2016.

Herron Todd White does... Property Valuations

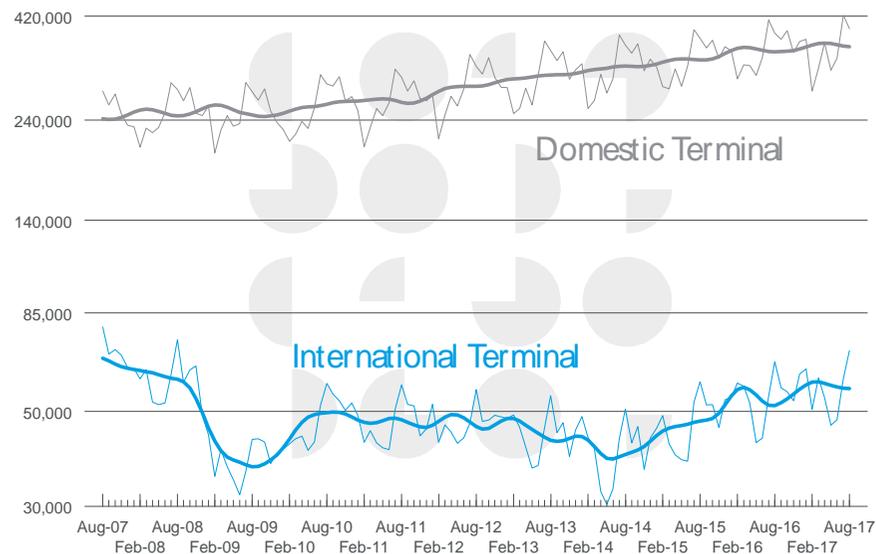
Herron Todd White Cairns has a wealth of experience in providing valuation services across the tourism, commercial, industrial, rural and residential property sectors.

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

Passenger number trends at Cairns Airport are continuing to deliver strong growth in year-on-year terms. Over the twelve months to August 2017, passenger numbers have increased in trend terms by 2.8% at the domestic terminal, 9.6% at the international terminal, and 3.7% overall.

Cairns Airport achieved a milestone with over one million passengers using the airport in a two month period for the first time in July-August 2017. Cairns Airport also advise that Hainan Airlines have announced twice weekly flights between Shenzhen and Cairns from December 2017, and that China Eastern have announced a seasonal service for Chinese New Year with three flights per week planned through to February 2018. All new flights are subject to government approval.

Herron Todd White does...Tourism Valuations

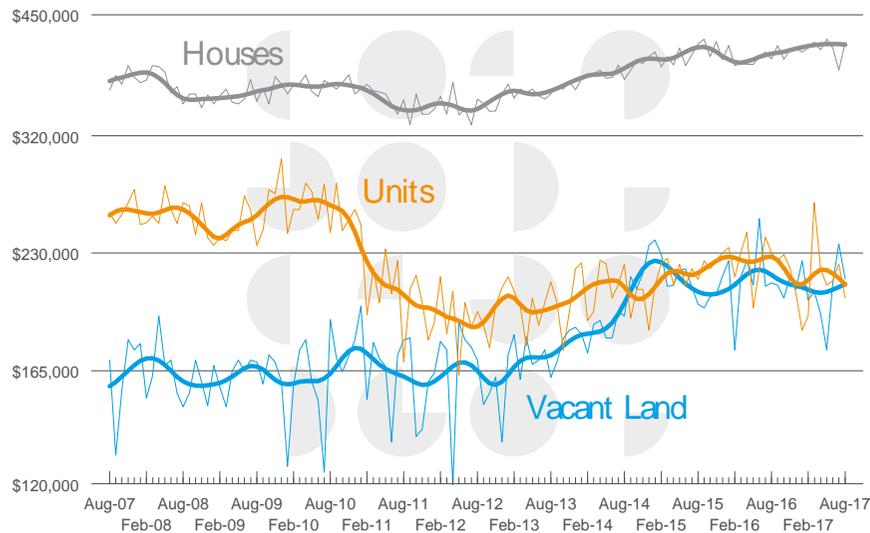
Buying or selling a tourist property?

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)



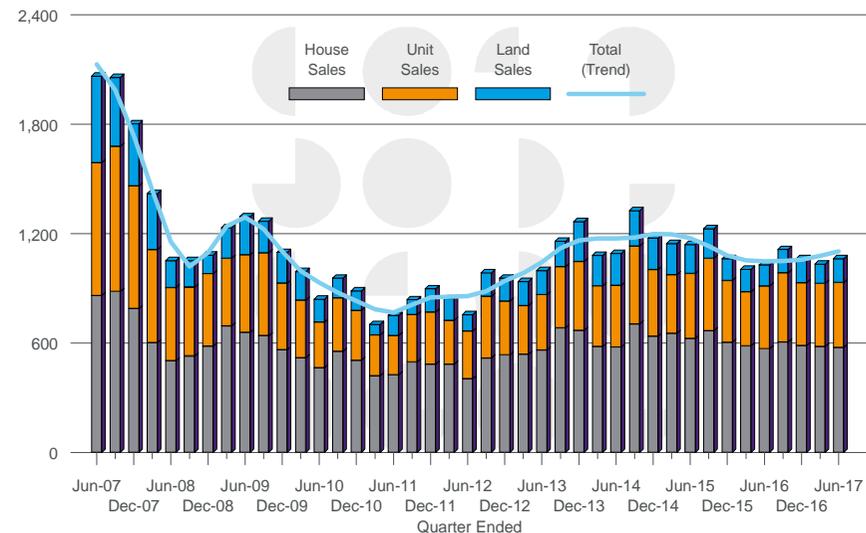
* All sales are classified to date of contract (not date of settlement)
** Recent months are provisional and subject to revision
Source: HTW Analysis of RPData

Our latest analysis shows that median property prices are currently going nowhere for houses, but have varied slightly upwards for land and slightly down for units. Even though price movements at the individual property level can be mixed, our general view across the market is that prices are static. The latest trend median prices, for the month of August 2017, came in at \$413,000 for a house, \$210,000 for a unit, and \$211,000 for a block of land. Regulatory measures designed to dampen property markets nationwide, targeted largely at investors, have certainly done their job in Cairns, and removed all price growth from the market.

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

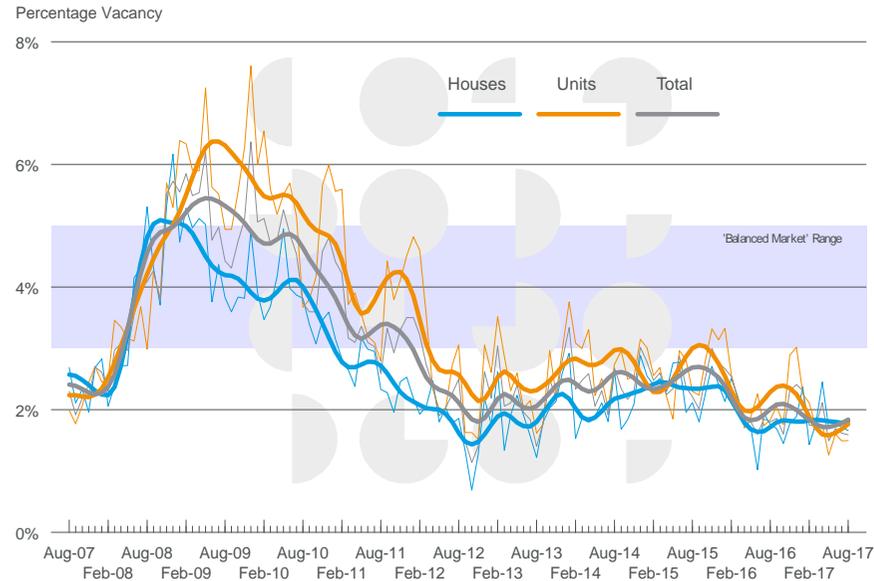


* All sales are classified to the date of contract
** Recent quarters are provisional and subject to revision
Source: HTW Analysis of RPData

The real estate market has seen a very slow volume increase over the last four quarters, but sales levels in trend terms still remain around 7.1% below those observed in 2014-15. The trend number of sales taking place in the June quarter of 2017 has edged up by 5.1% compared to the June quarter of 2016, consisting of a 2.8% increase for houses, a 10.7% increase for units and a 2.5% increase in vacant land.

PROPERTY

Rental Vacancies



Source: HTW Rentroll Survey

Rental vacancy trends for houses have stayed very tight but stable over the last six months, while those for units look to have eased slightly from near stressed levels back to very tight. Nevertheless right now is the peak demand time of year, and agents are reporting a distinct shortness of supply and multiple applications for any properties that do come onto the market. The latest trend rental vacancy rates for August 2017 stood at 1.8% for houses, 1.8% for units and 1.8% for the market overall. Coupled with the low level of new rental supply being created due to reduced levels of investor housing activity, rental market conditions are expected to stay tight 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.

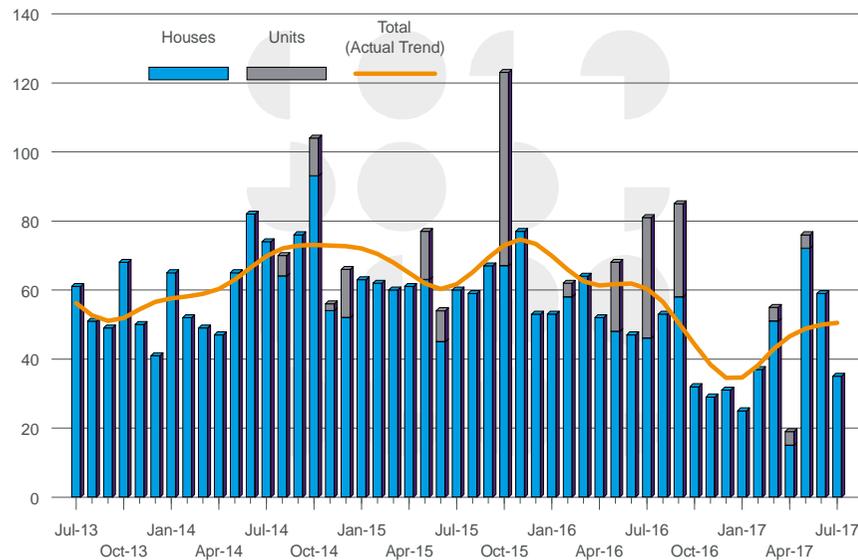
Depreciation is an important part of maximising your investment returns from an income generating property.

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 reported for July 2017 have ebbed from the first home buyer induced spikes of May-June 2017, but nevertheless remain above the average of immediately preceding months. However we continue to have doubts about the veracity of the very low figures reported for the October 2016 to April 2017 period. The number of building approvals reported are now technically indicating a trend of around 50 new houses and units being approved per month, but again we caution that this may or may not be accurate.

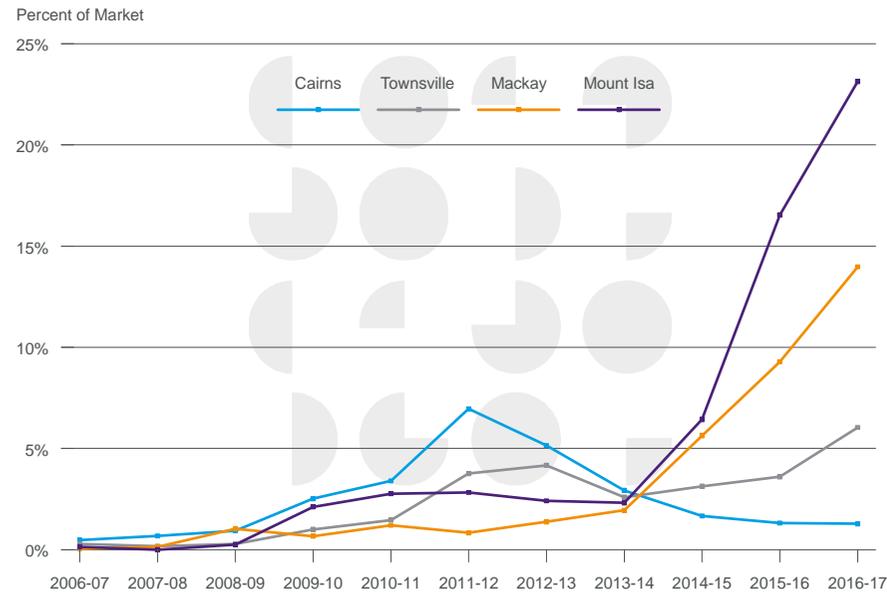
Herron Todd White does...Rural Valuations

Selling the farm?

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

SPECIAL TOPIC: MIP PROPERTY SALES

Mortgagee-in-Possession Property Sales



Source: HTW Analysis of RPData

Mortgagee-in-possession property sales peaked at 7.0% of Cairns residential property sales during 2011-12, and their impacts have now dissipated again down to 1.3% of sales in 2016-17. This is in stark contrast to other North Queensland locations, where our analysis shows mortgagee sales during 2016-17 rose to average 6.0% of the market in Townsville, 14.0% of the market in Mackay, and 23.1% of the market in Mount Isa.

MIP sales normally peak in the market one to two years after their causative economic shock. For this reason, the extent of Townsville's, Mackay's and Mount Isa's MIP sales should now be peaking, and should start to slowly dissipate again (like they did in Cairns) given their economic recoveries now in train.

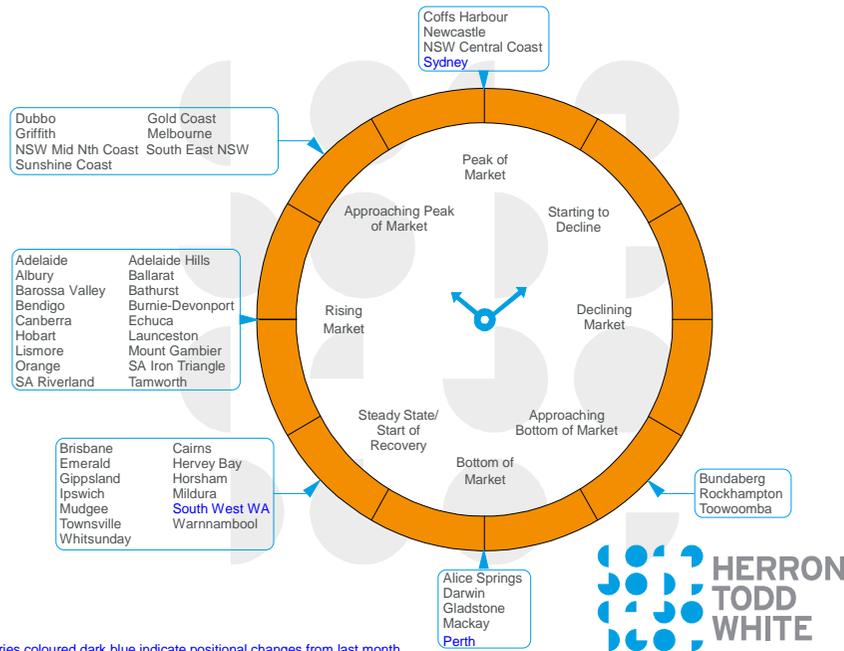
Herron Todd White does... Socio-Economic Research

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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, August 2017

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.

Whilst there are some variations between locations and sectors, we continue to regard the Cairns market as being in a 'Steady State'.