

CUMMINGS ECONOMICS

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Statistical Note

AUGUST-SEPTEMBER 2023 ECONOMIC TRENDS CAIRNS REGION

FUNDAMENTALS STILL RELATIVELY STRONG

Although there will be stresses and strains being experienced in some sectors of the economy as a result of the Reserve Bank's efforts to dampen the economy with higher interest rates and cumulative inflation over the past three years will be affecting family budgets, latest data available indicates that the fundamentals remain solid. In September, total passenger movements recorded through the airport finally returned to modest growth over 2019 September figures. The month of September saw Cairns Regional Council dwelling approvals record the highest figures since April 2021. Registered unemployment showed no sign of any upward movement.

CUMULATIVE INFLATION BITING HARD

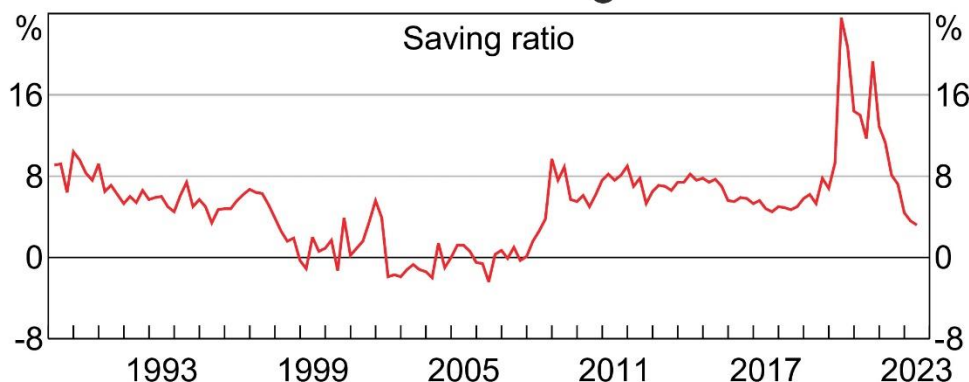
Consumer Price Index (CPI) Brisbane, has increased over the past three years by:

2020-2021	+4.9%
2021-2022	+7.2%
2022-2023	+6.3%

Over the past three years, the CPI is cumulatively up by 20%.

Households are coping by running down the sharp rise in savings that occurred during Covid when the Federal Government poured money into the economy.

Household Saving Ratio

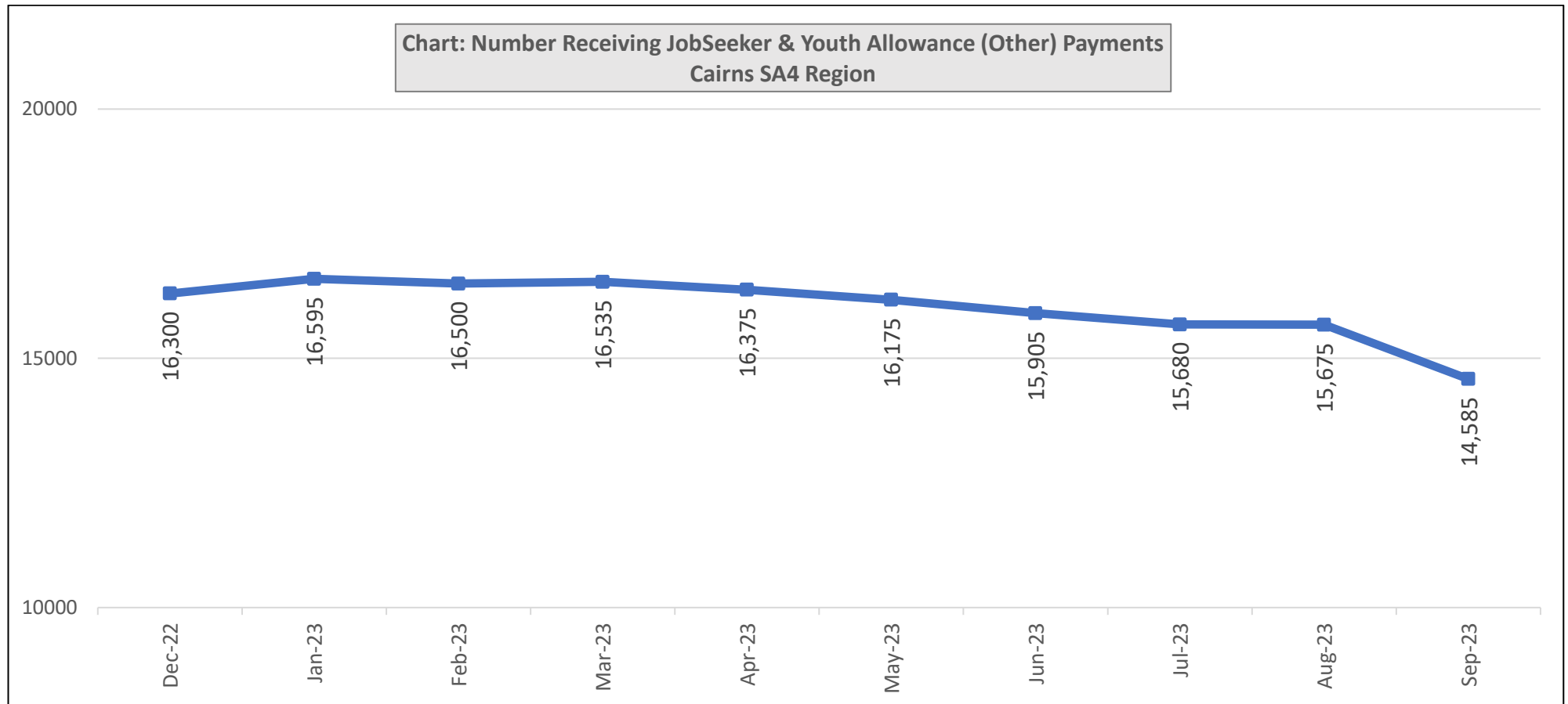


* Household sector includes unincorporated enterprises; disposable income is after tax and interest payments; saving ratio is net of depreciation.

Sources: ABS; RBA.

REGISTERED UNEMPLOYMENT ON BENEFITS

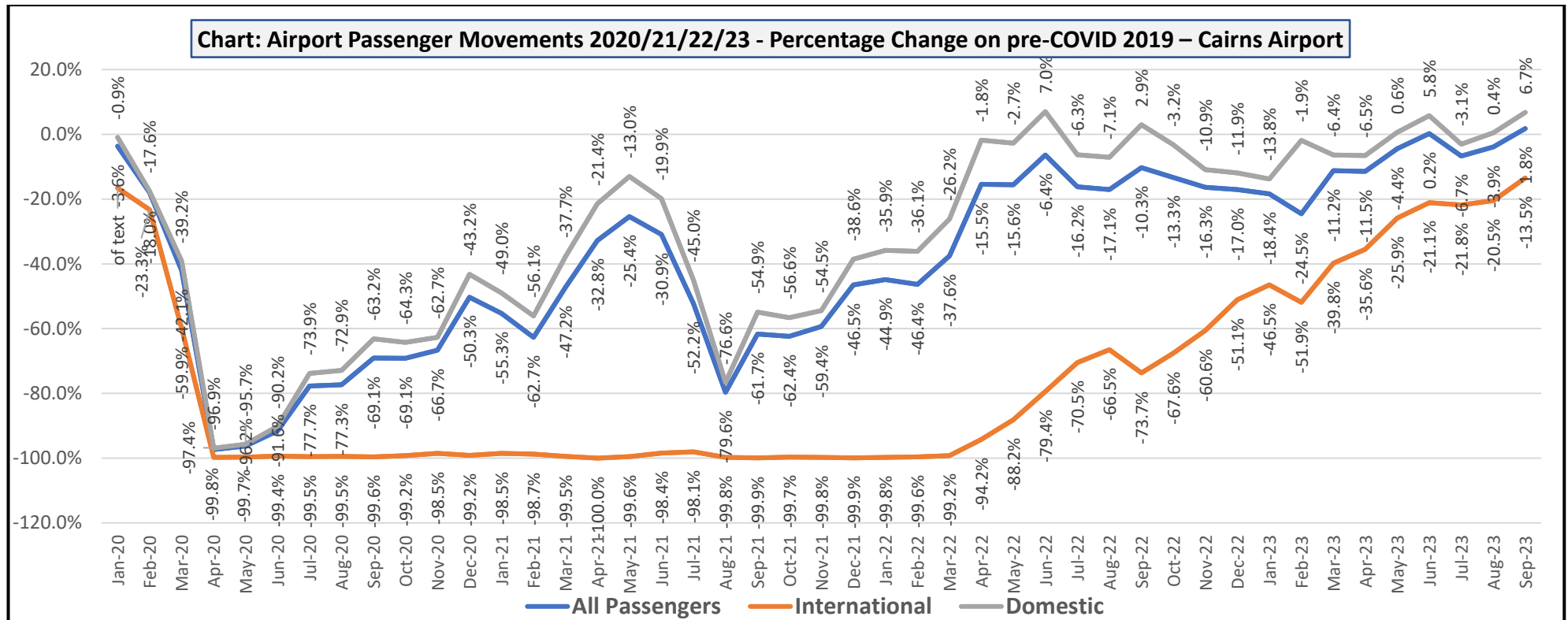
Despite the pressures on household spending, there is no sign of upward movement in registered unemployed on benefits in the Cairns SA4 region. In fact, most recent figures indicate a fall. This is in line with national trends indicating a continuing relatively tight labour market.



Source: Cummings Economics from Dept of Social Services data.

AIRPORT PASSENGER NUMBERS FINALLY BACK ABOVE 2019 FIGURES

It's been a long haul, but in September, total passenger numbers through Cairns Airport finally recorded growth on those for the same month in 2019. Domestic Terminal passenger numbers have peaked above the 2019 figures during the strong recovery period in mid-2021 and again in May this year. But the Domestic Terminal growth has been offset by the International Terminal figures still being well down on 2019 figures. In September however, international terminal passenger figures rose strongly to be only 13.5% down on 2019 figures and with Domestic Terminal figures being +6.7% on 2019, total passenger numbers rose to being 1.8% above the 2019 figures. It's taken a long time, some 3½ years for the damage done by Covid in first half of 2020 to be recovered. Predictions made at that time that it would take 5 years for international tourism in Cairns to fully recover are looking to be not that far off the mark, with the Cairns Airport international passenger numbers looking set to return to the 2019 levels about the 4-year mark.

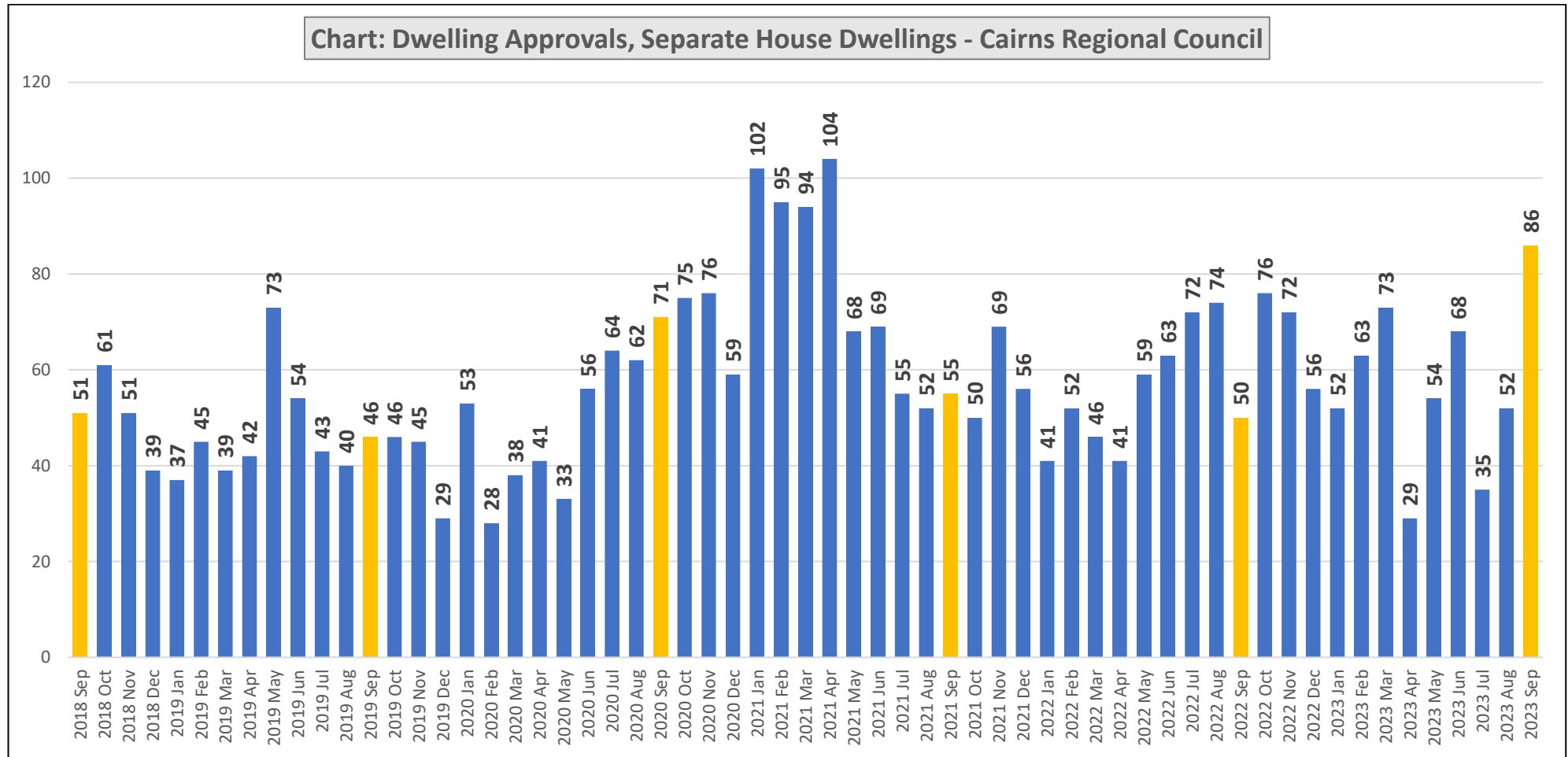


Source: Cummings Economics from Cairns Airport.



CONSTRUCTION – SEPTEMBER HIGHEST SINCE APRIL 2021

Although the monthly Cairns Regional Council dwelling approvals have been relatively patchy over the past 6 months, in September, they leapt upwards to 80, the highest monthly number recorded since April 2021.



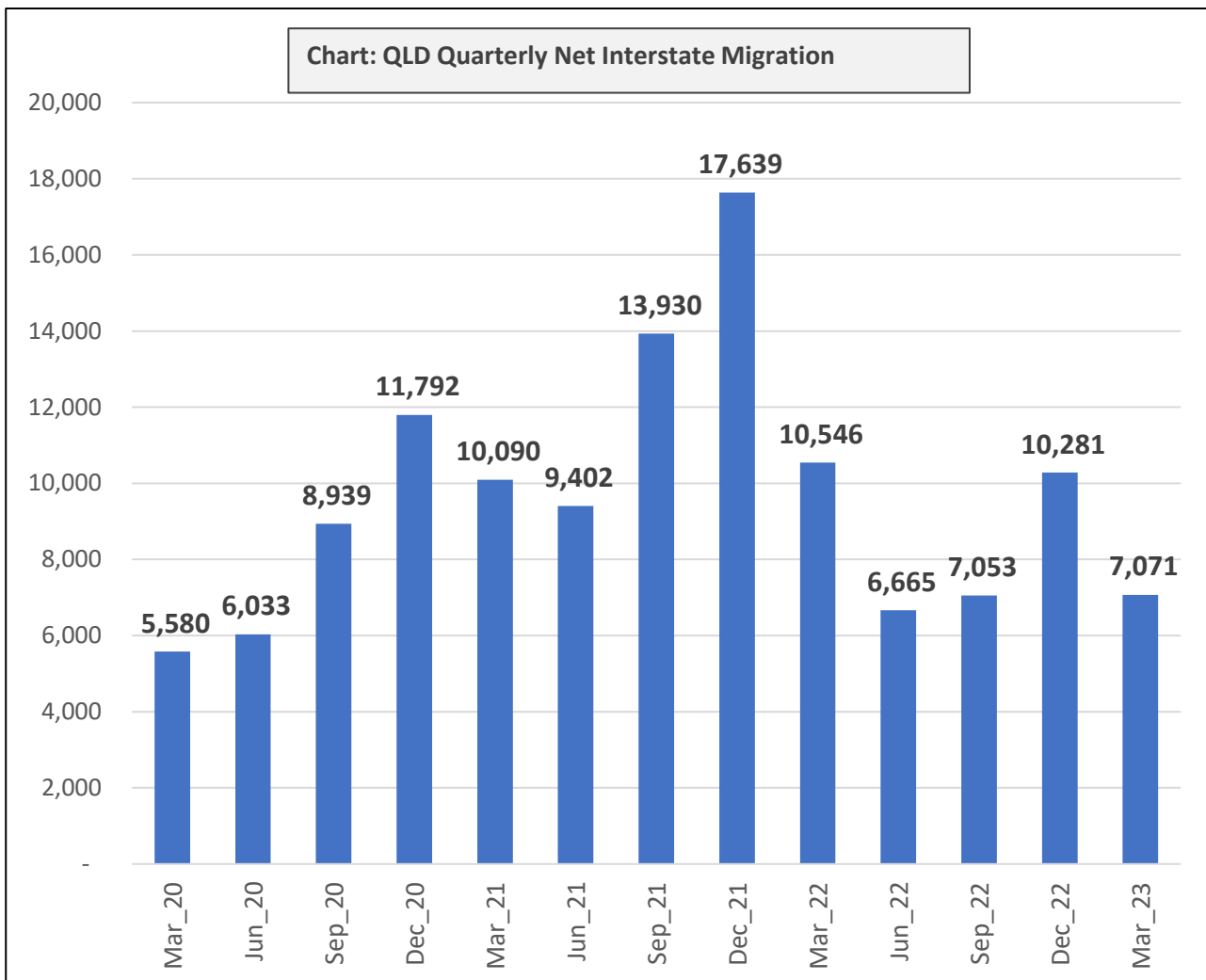
Source: Cummings Economics from Cairns Regional Council.



POPULATION GROWTH

Population growth figures for 2022-23 for the Cairns region are not likely to be available until April 2024.

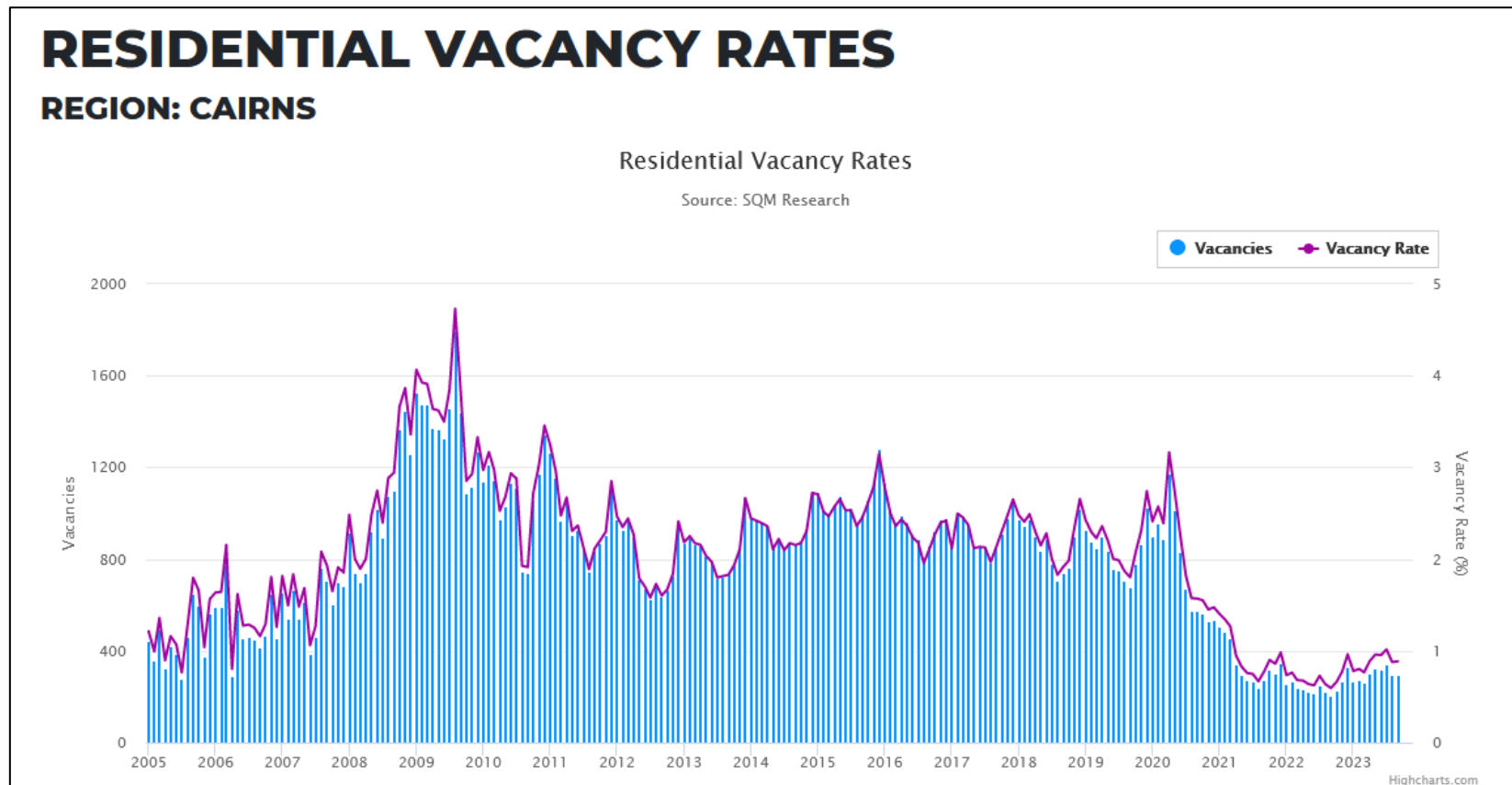
Relatively strong growth in Cairns LGA area in 2021-22 compared with earlier years was in large part due to strong post-COVID interstate migration into Queensland in that year. The chart below indicates that in 2022-23, interstate migration into Queensland overall has moderated. On this indication, it seems likely that Cairns' population growth rate could be lower in 2022-23 than in 2021-22.



Source: Cummings Economics from Australian Bureau of Statistics data.

HOWEVER, HOUSING STILL SHORT

The following chart indicates vacancy rates in Cairns remain exceptionally low. Clearly, a major sustained lift in housing construction is going to be needed to remedy the situation.



Source: SQM Research

https://sqmresearch.com.au/graph_vacancy.php?region=qld-Cairns&type=r&t=1

