

# CUMMINGS ECONOMICS

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CE Ref-J3324

Statistical Note - February 2025

## ECONOMIC TRENDS CAIRNS REGION

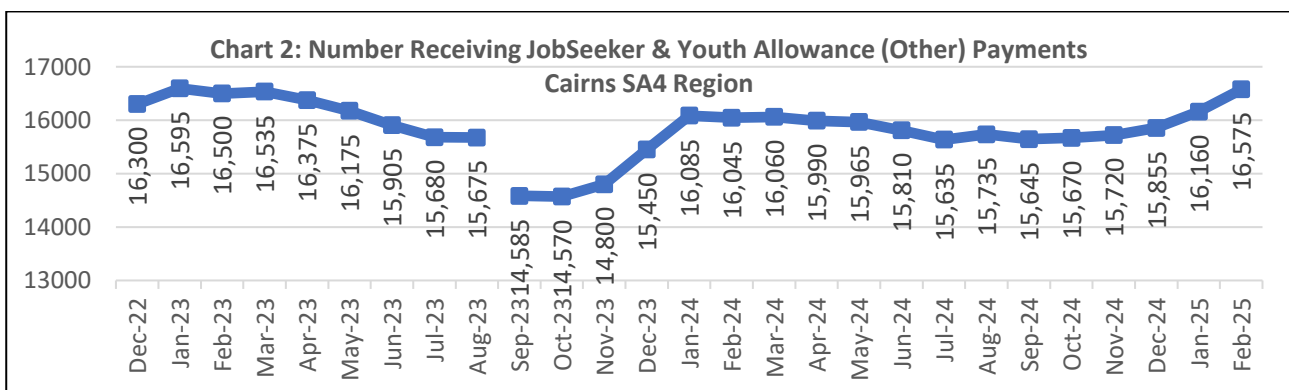
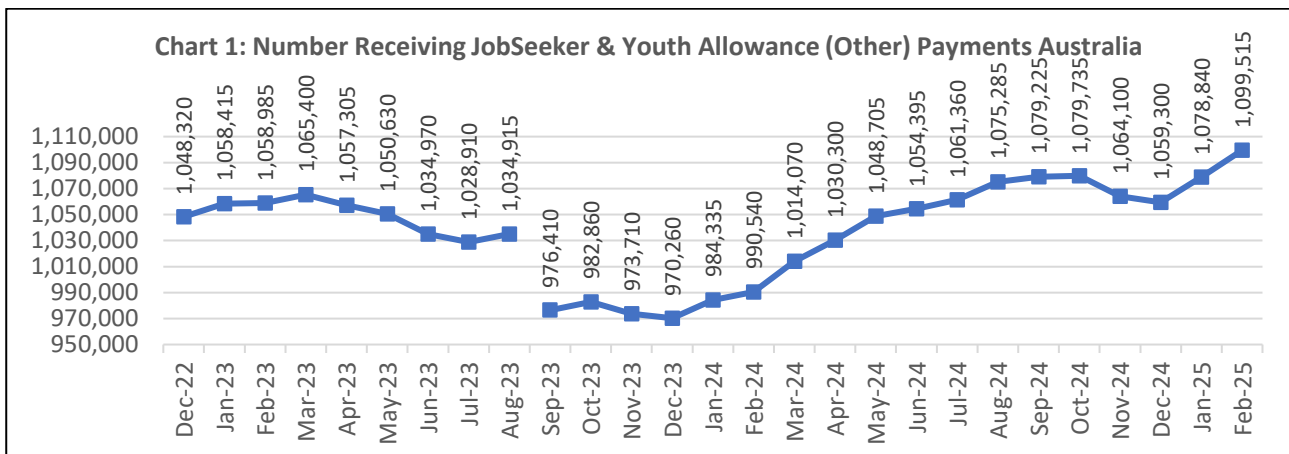
### RELATIVELY HIGH INTEREST RATES LIKELY TO CONTINUE

As predicted last August, the Reserve Bank's efforts to dampen the economy continued throughout the rest of 2024 and into 2025 with consequences for the domestic tourism market and house building. The recent RBA decision to lower interest rates was very tentative. Given the increasing proportion of the economy being taken up by government spending, it seems unlikely that there will be large falls in interest rates over the coming months that would take pressure off businesses and households and stimulate private spending with benefits to domestic tourism prospects and house construction. (See over Special Note - **The Housing Market.**)

### NUMBERS ON UNEMPLOYMENT BENEFITS

The following charts indicate that at national level, numbers registered for unemployment benefits (JobSeeker) continued to rise up to September/ October in 2024 but fell sharply in November and December, and rise again sharply in January and February.

At a local Cairns SA4 level, after rising sharply late December 2023 and January 2024 (presumably due to the heavy flooding associated with Cyclone Jasper), numbers plateaued and came down marginally. The rise in December, January and February 2025 seems to be seasonal.



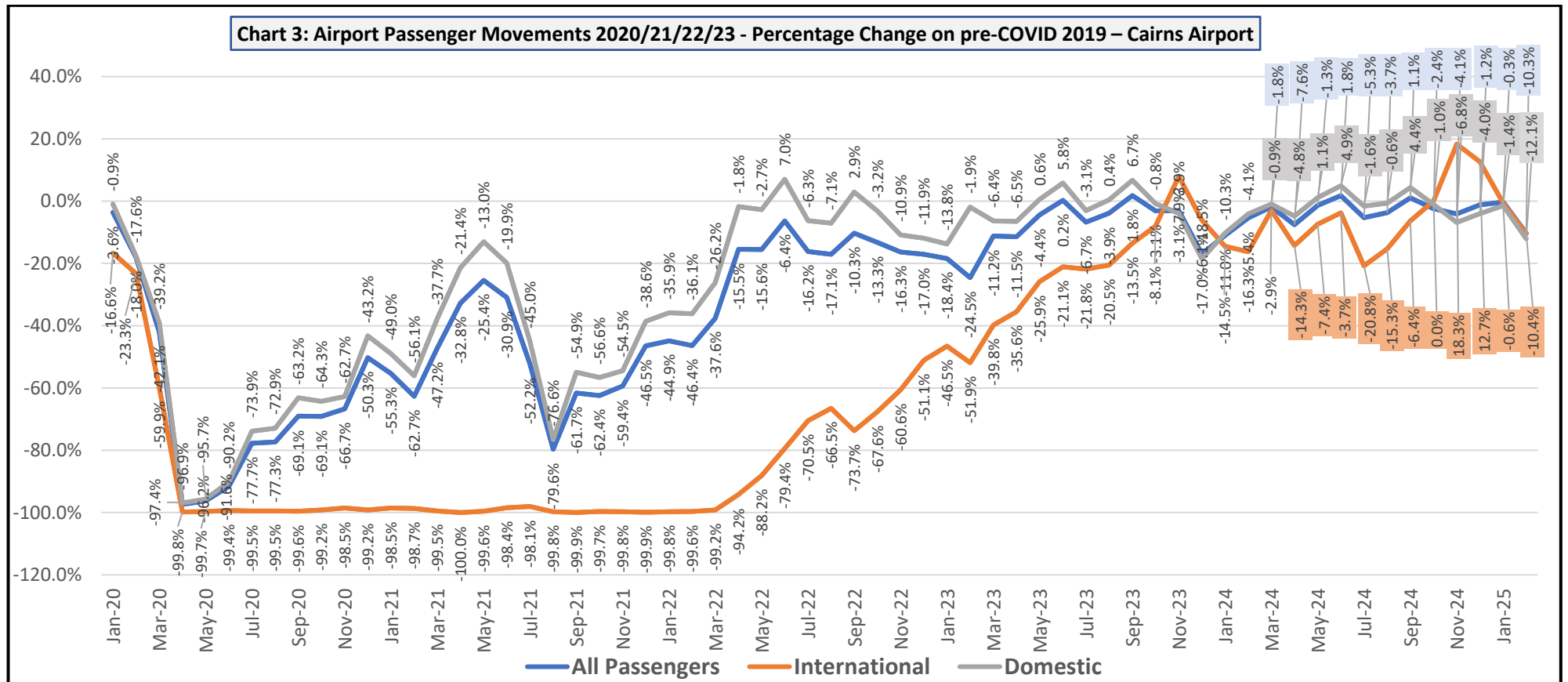
Source: Cummings Economics from Dept of Social Services data.

<https://data.gov.au/data/dataset/jobseeker-payment-and-youth-allowance-recipients-monthly-profile>

## AIRPORT FIGURES COMPARED WITH SAME MONTH 2019 (PRE-COVID)

The following chart illustrates that passenger numbers through the Cairns Airport overall continued to struggle to get above 2019 pre-Covid levels. The numbers through the international terminal continued to rise during 2024 to finally, in November, exceed the 2019 levels. In the months since then, they have fallen back to below the pre-Covid levels.

During the second half of 2024, domestic terminal numbers had only been running about the 2019 levels. In January, numbers were down marginally.



Source: Cummings Economics from Cairns Airport.

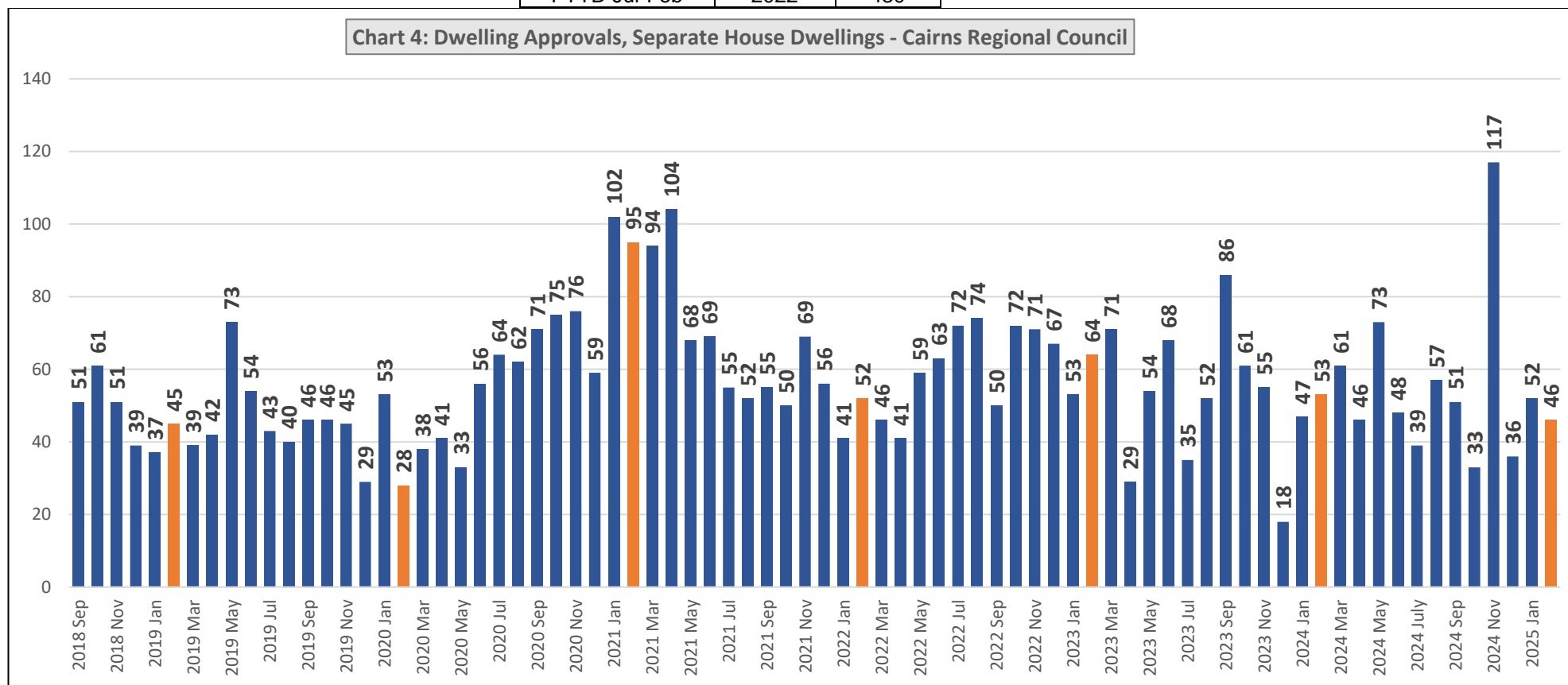


## CONSTRUCTION – SEPARATE HOUSE BUILDING APPROVALS REMAIN SUBDUED

Separate house building approvals in Cairns Regional Council area for financial-year-to-date (fytd) February 2025 have remained relatively subdued at 431.

FYTD Jul-Feb	2025	431
FYTD Jul-Feb	2024	407
FYTD Jul-Feb	2023	523
FYTD Jul-Feb	2022	430

Chart 4: Dwelling Approvals, Separate House Dwellings - Cairns Regional Council

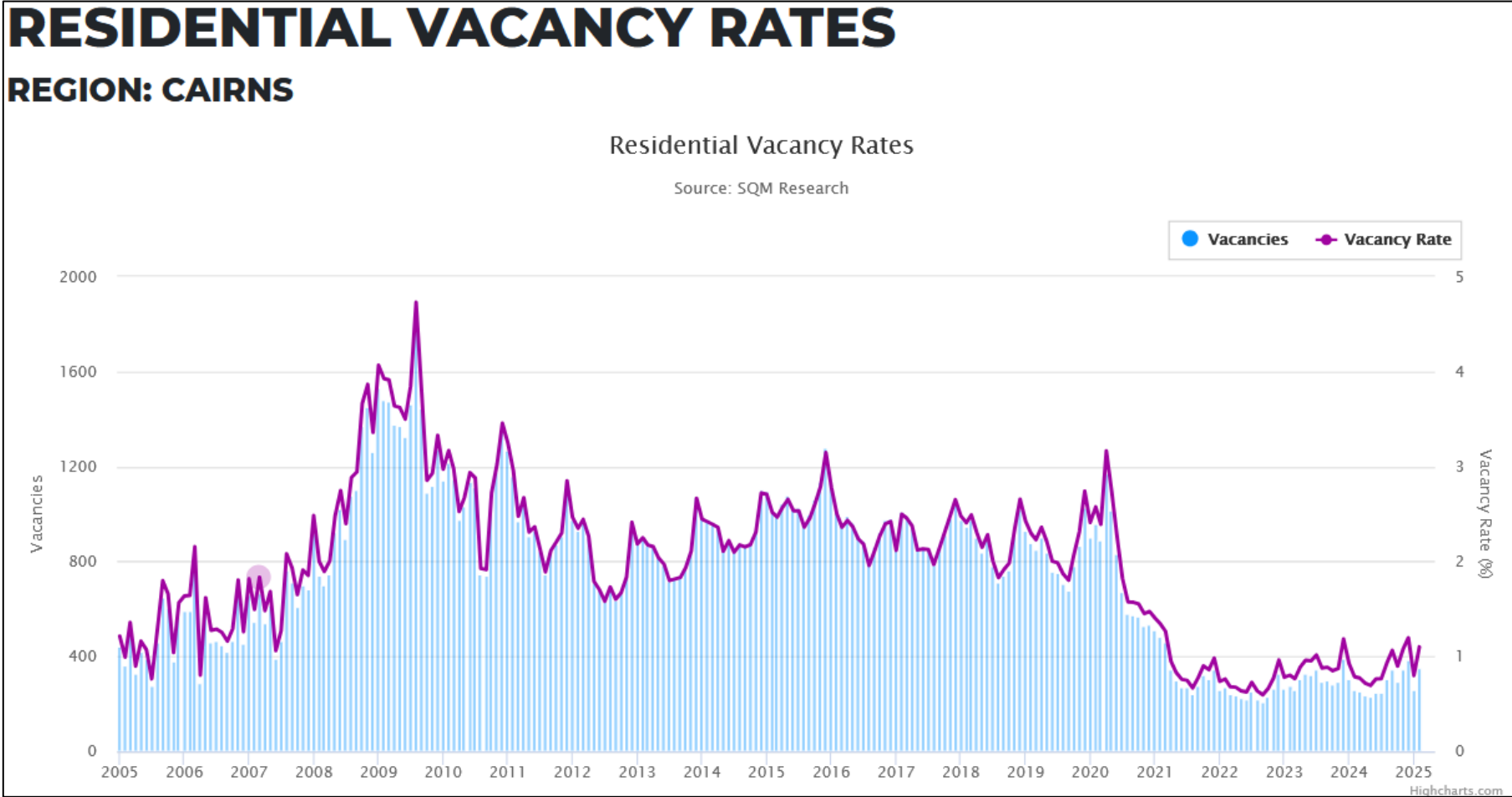


Source: Cummings Economics from Cairns Regional Council.



# RESIDENTIAL VACANCY RATES

Residential vacancy rates have been showing a mild upward trend but remain low.



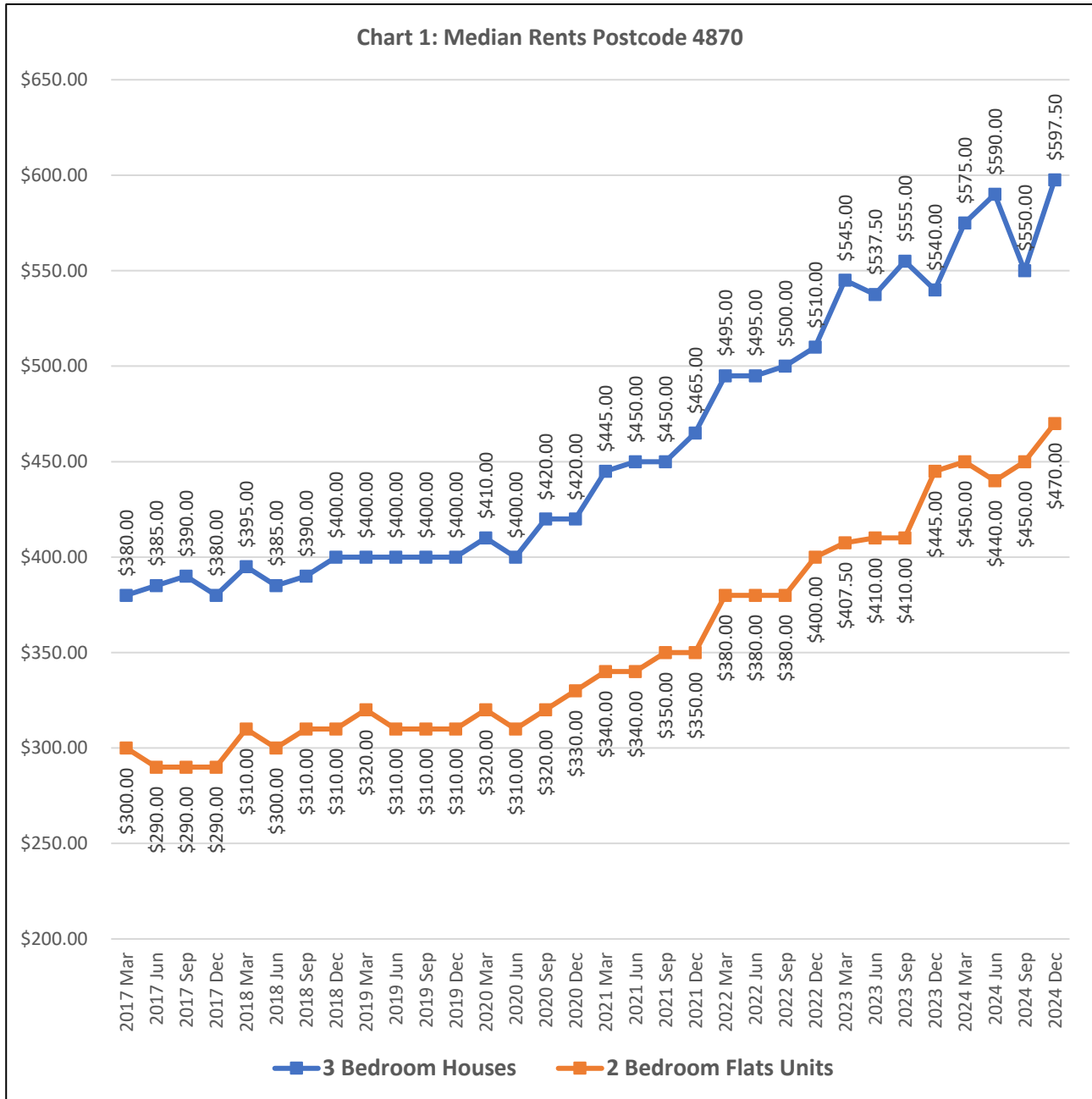
Source: SQM Research  
[https://sqmresearch.com.au/graph\\_vacancy.php?region=qld-Cairns&type=r&t=1](https://sqmresearch.com.au/graph_vacancy.php?region=qld-Cairns&type=r&t=1) | <https://sqmresearch.com.au/>



Special Note

**THE HOUSING MARKET-**

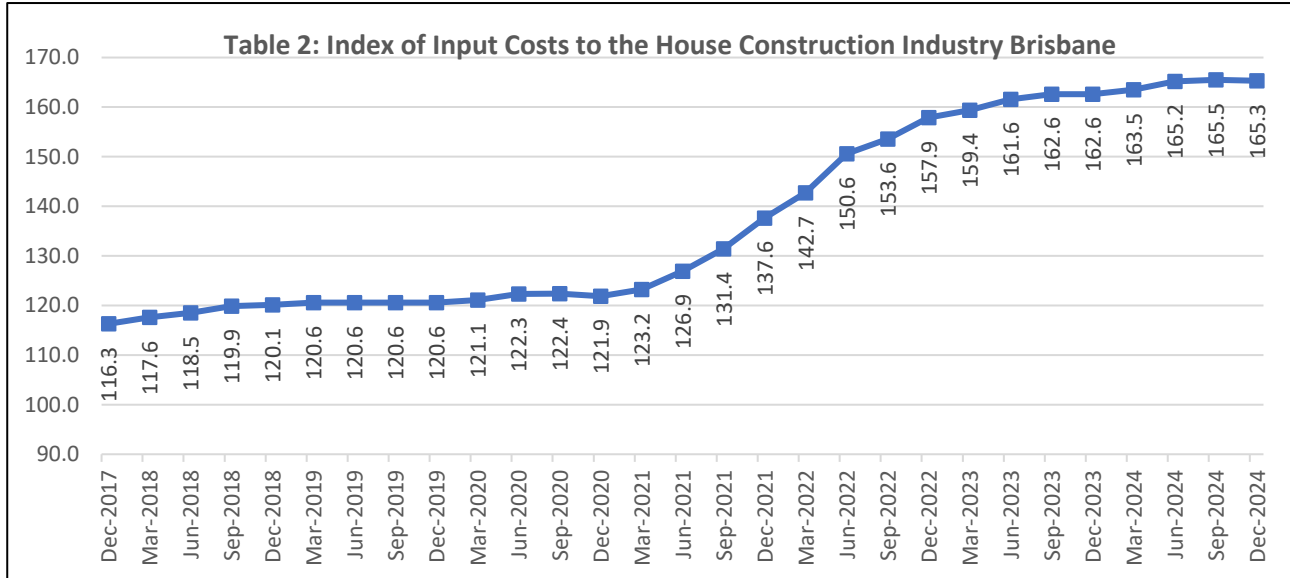
The chart below of median rentals for 3-bedroom houses and 2-bedroom flats for postcode 4870 Cairns, 2017 to 2024, indicates there is no conclusive evidence yet that the sharp increase in rentals that has occurred since 2000 is starting to plateau.



Source: Cummings Economics from ABS.

From December Quarter 2000, the house rentals have increased by 42% and flats also by 42%, after a period of relative stability from 2017. As previous Chart 3-Building Approvals indicates, there has been no major rise in house construction to bring extra supply into the market.

A local index of construction costs of new houses is not available. However, an Australian Bureau of Statistics (ABS) index below for Brisbane (that could be expected to be reflected locally), shows house construction costs have risen by 35%.



Source: Cummings Economics from ABS.

Clearly, at last the rise in rentals is coming to a point where it will cover the rise in cost of construction. But there is one major change to happen to tip the balance in favour of a substantial increase in housing construction to occur and that is for interest rate costs to come down substantially to reduce costs for property investors. But unfortunately, this is being held back by a large increase in government spending that is retarding falls in inflation rates to make way for the Reserve Bank to bring interest rates down substantially. Government spending is crowding out activities like house and flat building in the economy.

**Table 3: RBA Cash Rate**



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