

CUMMINGS ECONOMICS

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April 2023 / CE Ref-J3324

Statistical Note FEBRUARY/MARCH 2023 ECONOMIC TRENDS CAIRNS REGION

ECONOMY HOLDING UP WELL

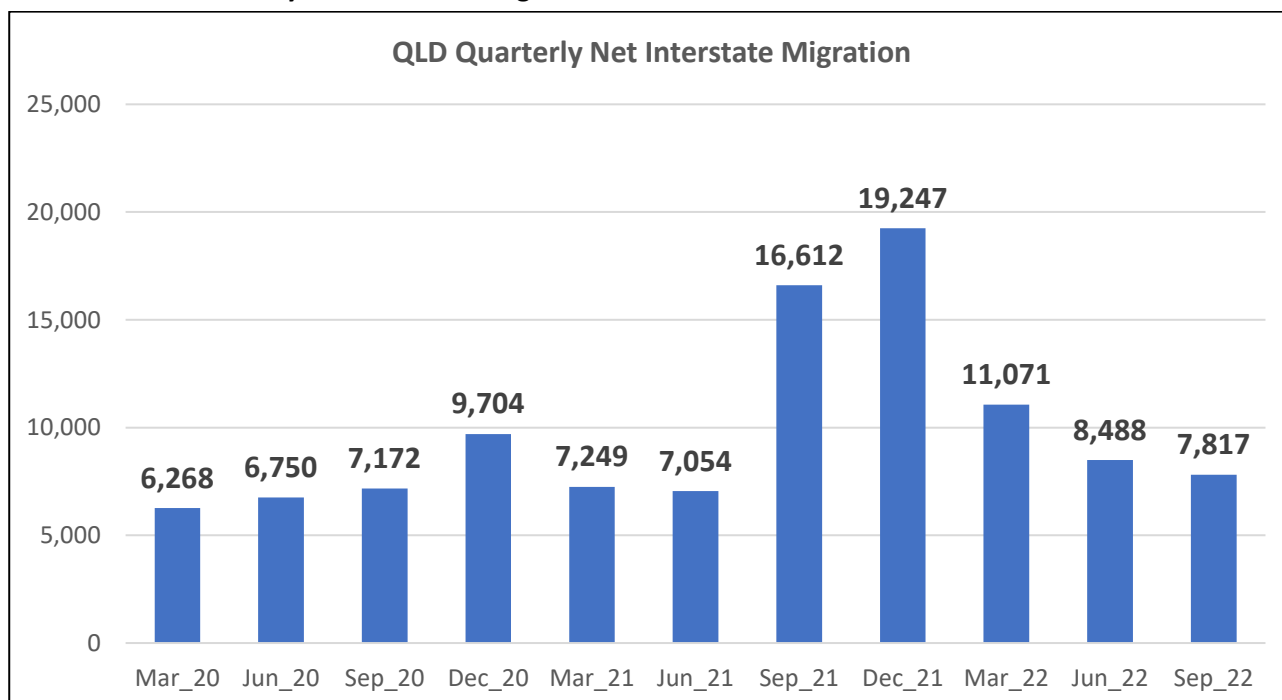
Despite the easing of the flush of activity that took place post-Covid and despite the impact of the Reserve Bank's moves to curb inflationary pressures, the indications are that the regional economy is holding up well at this point in time.

POPULATION GROWTH

The availability of residential population estimates as at 30th June 2022 confirms the strong bounce-back that occurred as Covid restrictions lifted in 2021-22 with Cairns Local Government Area (LGA) recording a growth (after the very low figures of the previous year during Covid restrictions), of 2,900 - a 1.7% growth. (For further details, see Cummings Economics separate [Statistical Note](#).)

In part, behind the strong bounce-back in the Cairns region was the bounce in interstate migration into Queensland in September and December quarters in 2021 (see below chart).

Chart 1 – QLD Quarterly Net Interstate Migration



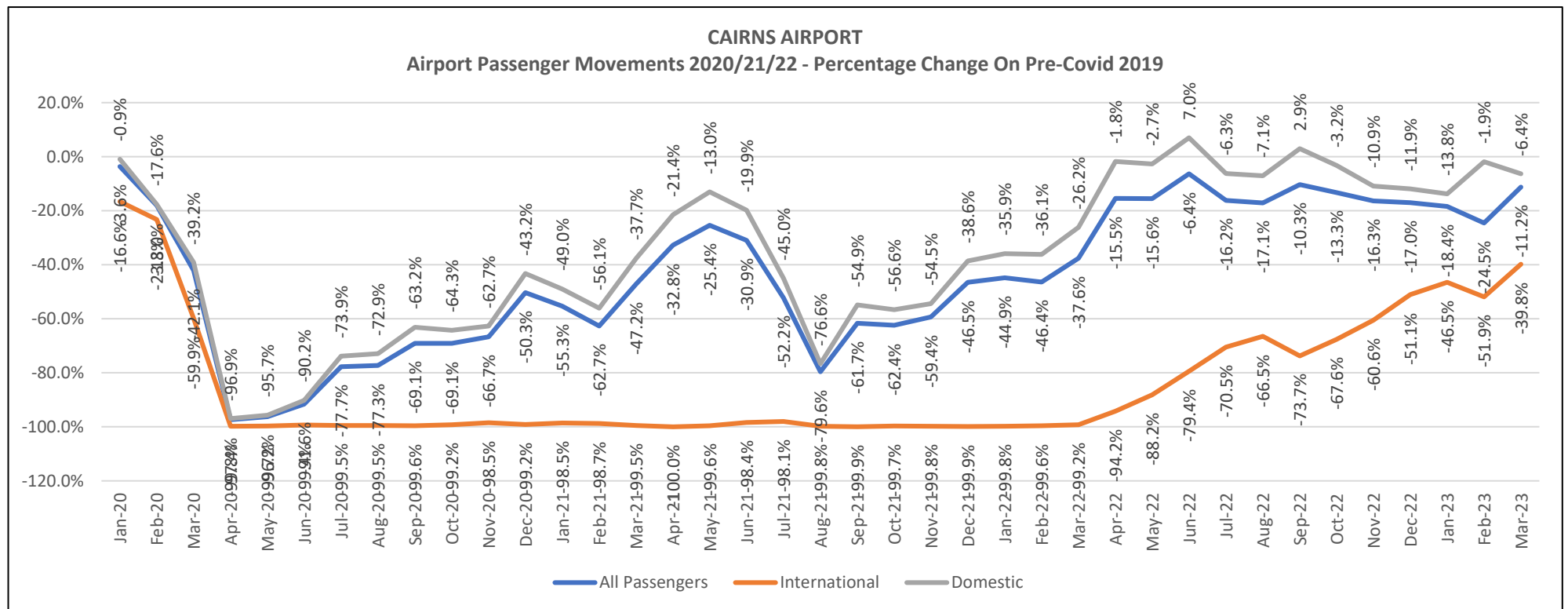
Source: Cummings Economics from Australian Bureau of Statistics data.

AIRPORT RECOVERY ALMOST THERE

The following chart compares airport passenger numbers through the domestic and international terminals and overall, with the same months in 2019 pre-Covid.

They indicate that passenger numbers through the airport overall are now back to being only 11% down on pre-Covid with the domestic terminal down only about 6%. Recovery through the international terminal continues but still remains 40% down on pre-Covid. If account is taken of that part of the traffic through the domestic terminal that was international visitors entering or exiting Australia via another airport pre-Covid in 2019, the indications are that domestic visitor numbers by air now exceed pre-Covid levels.

Chart 2 – Airport Passenger Movements 2020/21/22 - Percentage Change on pre-Covid 2019 – Cairns Airport



Source: Cummings Economics from Cairns Airport.

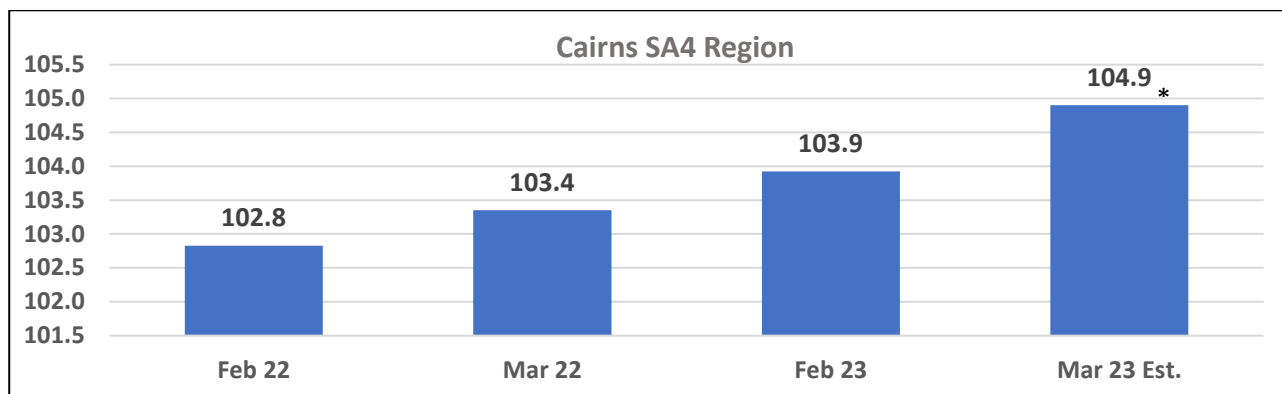


LABOUR MARKET

STP WORKFORCE INDEX

The indications from the chart below is that the employed workforce has probably grown by about 1.0 to 1.5% over the past twelve months. (The difference between February and March figures can be due to seasonal factors.) The index indicates that the employed workforce in the region has probably increased by about 4 – 5% since the onset of Covid in February/March 2020.

Chart 3 – STP Workforce Index – Average FEB & MAR 2023 Compared with Same Period Previous Year



Source: Cummings Economics from Australian Bureau of Statistics. Note *: Preliminary Estimate

Note: The Single Touch Payroll (STP) index commenced in Feb/Mar 2020 at 100. It is based on employment numbers recorded in Single Touch Payroll returns to the Taxation Office. The STP system these days is used by most employers.

UNEMPLOYMENT

The following chart indicates that apart from a seasonal upward shift in December, the long-term fall in numbers on unemployment benefits as Covid effects have passed has ‘flattened’ out below pre-Covid levels.

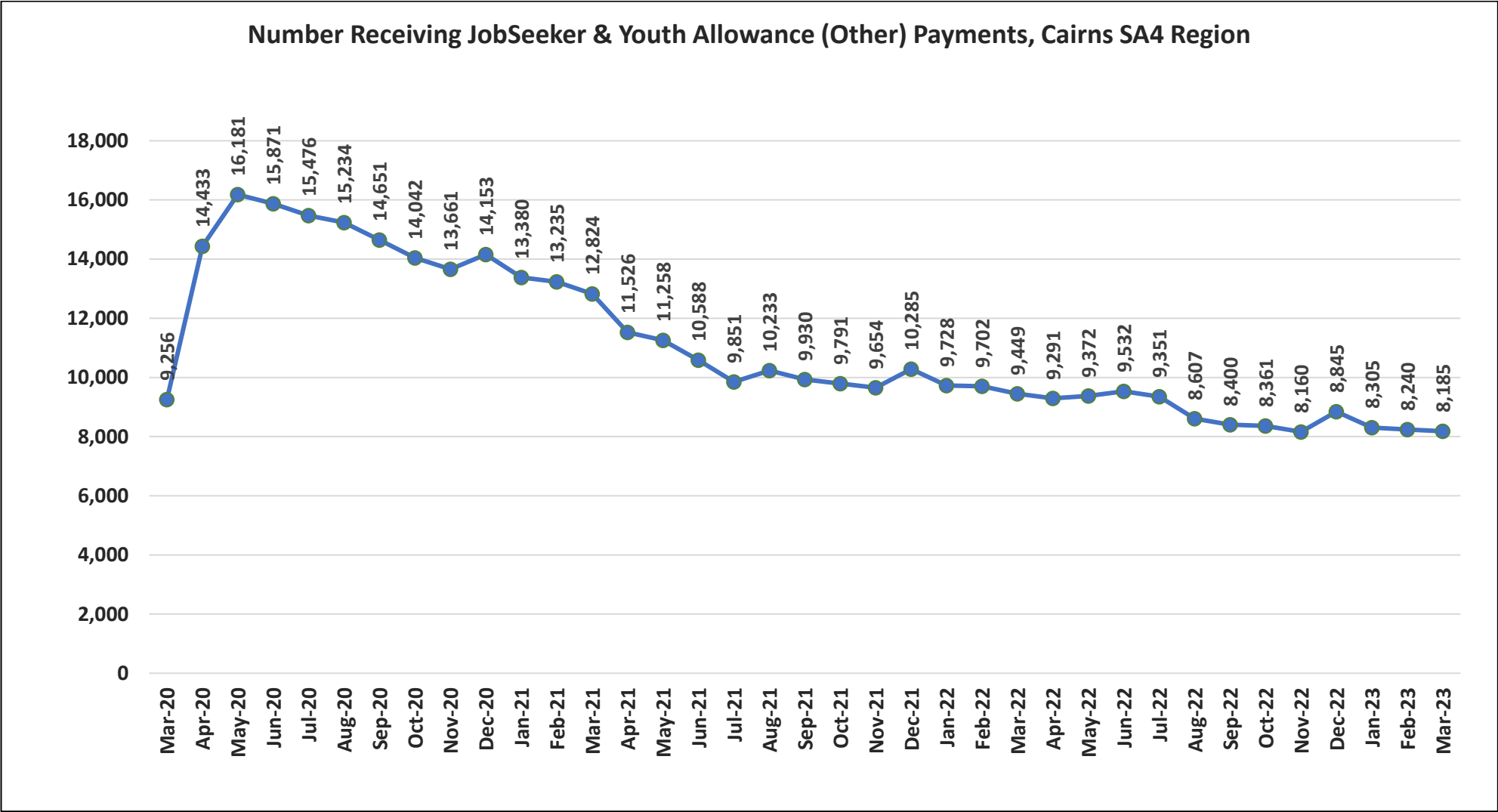
Table – Numbers Receiving JobSeeker & Youth Allowance (Other) Payments

Period	Cairns ⁽¹⁾	Cairns SA4 Region ⁽²⁾	Period	Cairns ⁽¹⁾	Cairns SA4 Region ⁽²⁾	Period	Cairns ⁽¹⁾	Cairns SA4 Region ⁽²⁾
Mar 2020	9,256	15,617	Apr 2021	11,526	18,998	May 2022	9,372	15,939
Apr 2020	14,433	23,100	May 2021	11,258	18,547	Jun 2022	9,532	16,295
May 2020	16,181	26,243	Jun 2021	10,588	17,606	Jul 2022	9,351	15,956
Jun 2020	15,871	25,765	Jul 2021	9,851	16,503	Aug 2022	8,607	14,818
Jul 2020	15,476	25,007	Aug 2021	9,092	16,904	Sep 2022	8,400	14,523
Aug 2020	15,234	24,553	Sep 2021	9,930	16,627	Oct 2022	8,361	14,575
Sep 2020	14,651	23,691	Oct 2021	9,791	16,318	Nov 2022	8,160	14,267
Oct 2020	14,042	22,271	Nov 2021	9,654	16,184	Dec 2022	8,845	15,395
Nov 2020	13,661	21,856	Dec 2021	10,285	17,278	Jan 2023	8,305	14,560
Dec 2020	14,153	22,818	Jan 2022	9,728	16,428	Feb 2023	8,240	14,435
Jan 2021	13,380	21,545	Feb 2022	9,702	16,436	Mar 2023	8,185	14,385
Feb 2021	13,235	21,432	Mar 2022	9,449	15,920			
Mar 2021	12,824	20,829	Apr 2022	9,291	15,767			

Source: Cummings Economics from Australian Department of Social Services.

Note ⁽¹⁾: Cairns LGA excluding Babinda. Note ⁽²⁾: Cairns, Cassowary Coast, Tablelands, Mareeba, Douglas.

Chart 4 – Numbers Receiving JobSeeker & Youth Allowance (Other) Payments, Cairns SA4 Region



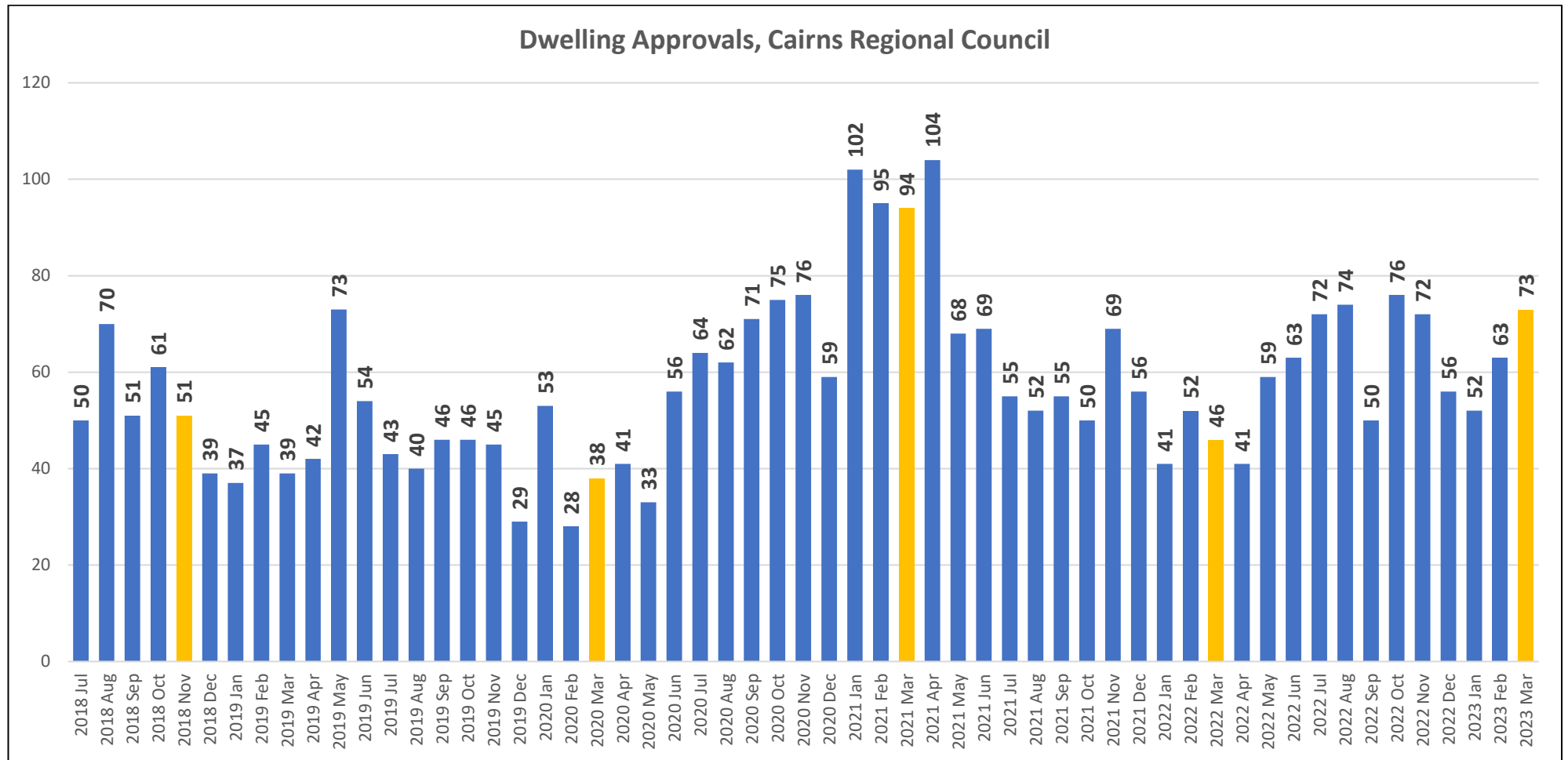
Source: Cummings Economics from Australian Department of Social Services.



CONSTRUCTION – HOUSE BUILDING APPROVALS

Cairns Regional Council building approvals for separate house dwellings continue to travel along quite strongly at levels well above pre-Covid.

Chart 5 – Dwelling Approvals, Cairns Regional Council



Source: Cummings Economics from Cairns Regional Council.



RENTAL SHORTAGE

In addition to the sharp rise in population growth, a further factor increasing the demand for rental properties in the region (as well as nationally), has been a sharp fall in house purchase affordability due to increased house prices and higher interest rates compared with the increase in rental costs.

The following shows the after-tax income a purchaser would need, to buy a median priced three-bedroom house in Cairns in 2019 compared with end 2022, with 30% of income applied to house payments on a loan 85% of purchase price.

For comparison, it shows the after-tax income needed to rent a median rental three-bedroom house in Cairns over the same period with 30% of income devoted to paying the rent.

	<u>2019</u>	<u>2022</u>
• Buy 3-bedroom house.....	\$72,000.....	\$117,000
• Rent 3-bedroom house	\$69,000.....	\$87,000

The above indicates that in 2019, the income needed to buy or rent was about the same, but by late 2022, the income needed to buy was much higher.