



Contents

A city on the move	Page 2, 3
Rush to the Tropics	Page 4
Major Industries	Page 5 – 7
Infrastructure	Page 8, 9
Economy	Page 10
Property Market	Page 11 - 13



Cairns Powering Ahead

Cairns is located on Queensland's far north coast and has long been regarded as the 'gateway' to the world heritage listed Great Barrier Reef and the Daintree Rainforest. It is the heart of the Tropical North, and with the Cairns International and Domestic Airports only a 5 minute journey from the city centre, it is also the entrance to the many nearby towns and villages. The region comprises a 75 kilometre tropical coastal strip from Cairns to Port Douglas and Mossman in the north. It incorporates the Marlin Coast, the Atherton Tablelands, Mareeba to the west, and part of the Great Barrier Reef.

Cairns is the major city for the region and is situated on a natural harbour with a backdrop of rugged mountains and tropical rainforests. The state capital Brisbane is approximately 1800 kilometres by road and 2 hours flying time away. Cairns International Airport ([link](#)) is 7.5 hours from Tokyo and 6.5 hours from Singapore.

It is also a region with serious business credentials, which makes a significant contribution to the wealth of the nation. *It has matured from a far-off farming and fishing community to a vibrant centre of commerce with a diverse range of industries.* An international airport, close proximity to Asia and "can-do" attitude has helped create a city leading the way in many aspects of modern life.

A City on the Move

With its appealing tropical lifestyle, strong population growth and buoyant business conditions, Cairns is one of Australia's best performing cities. Cairns has enjoyed 7 years of economic development at a sustainable pace and analysts remain confident about its immediate and long-term prospects. More than 300 people a month are moving to the city, creating unprecedented demand for housing, goods and services as well as public infrastructure.

Cairns is second only to Sydney as Australia's top destination for international holiday makers and this success has been the catalyst for much of the expansion. The international airport caters for 3.7 million passengers a year. At any one time, accommodation houses provide almost 12,000 beds.

The inner-city face of Cairns has been transformed through a series of major public works, most notably the Esplanade redevelopment including the popular swimming lagoon. The Cairns Port Authority's

'CityPort' plan is rejuvenating the waterfront precinct and the private sector has come to the party with multi-million dollar apartment projects such as Harbour Lights and the Trilogy towers.

The development and construction industry is active and the value of projects either under way or in the pipeline rising from \$3 billion to \$8 billion over the past four years. With the city's population topping 140,000, demand for new housing in its southern corridor, northern beaches and western valley areas is driving the development of numerous residential subdivisions.

To cater for the expansion, three suburban shopping centres – at Mt Sheridan, Redlynch and Clifton Beach – have sprung up in five years. Telecommunications and financial institutions, the retail sector and recruitment firms are expanding their range of services. Business confidence is high. The job market remains tight, with no shortage of positions available for tradespeople and professionals alike.

Not only a strong tourist base but host to a diverse range of industries including a service centre for the robust mining sector, the sugar industry, and the commercial fishing fleet. The city is gaining a reputation for providing a range of quality education and research opportunities for Australian and international students.



Population Growth | Rush to the Tropics

According to Cairns mayor Kevin Byrne, Cairns high population growth of 4.2% a year is 60% higher than the Queensland average of 2.8% growth. The estimated total population of the Cairns Statistical District in August 2007 was 144,500 and Cairns City plus Douglas Shire to be 171,800 according to the Midwood Report.

- ❖ At a future growth rate of 2.1% p.a. (conservative), the population will reach 157,000 in 2011 in the Statistical District, and 185,000 in 2001 in the City and Shire.

Sea changers and tree changers are among the groups of people moving to the Cairns region as well as fly-in and fly-out mining workers who work in far flung locales such as Western Australia, the Northern Territory and western Queensland. Along with these groups are young families benefiting from a jobs market where the

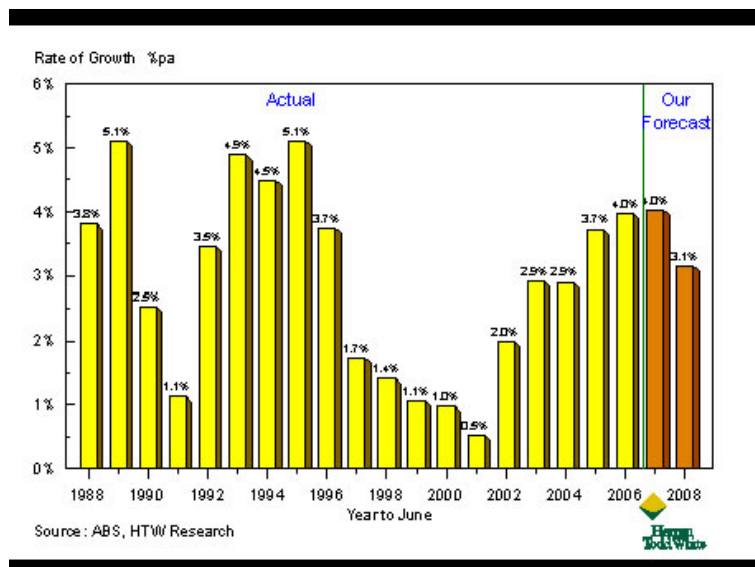
- ❖ **unemployment rate is 2.6%**, fully 1% lower than the Queensland average. There are more jobs than people to fill them and every industry and occupation is feeling the pinch.

Cairns population growth is translating to housing shortages which are highlighted by the shortage of rental accommodation.

- ❖ **Rental accommodation is experiencing vacancy rates as low as 1.7% with residential returns outstripping capital cities.**

Rick Carr, the Cairns-based research director of Herron Todd White, says tradesmen are desperately needed as they cannot put up housing fast enough to cater for the population growth.

- ❖ **There's a demand for housing – either to rent or to buy.**
- ❖ Outside of South-East Queensland, the Far North Queensland Statistical Division is predicted to experience **the second-largest population growth in Queensland over the next two decades behind the Wide Bay-Burnett Statistical Division.** Increase in this period is predicted to be 75,135 or 3% for Far North Queensland.



Major Industries

The Far North Queensland region has a diverse industry base. Industry characteristics can be described in the context of two climatic sub-regions. The Cairns and Hinterland sub-region is a predominately moist climate, the Cape York Savannah sub-region predominantly dry. There is some overlap between the two.

Reflecting its natural resource base, key industries in Far North Queensland are tourism, tropical agriculture, mining and fishing. Manufacturing such as engineering linked to these various industries has also developed a significant regional presence. Cairns itself has evolved as a service centre to these regional industries, a tourism gateway and destination in its own right, and a gateway for business to Papua New Guinea and the Asian countries. An indication of the size of each of these industries is shown below:

Major Industries in Far North Queensland

Industry	Annual Value
Tourism	\$2.0 billion
Agriculture (incl Sugar Milling)	\$900 million
Mining	\$400 million
Fishing	\$200 million
Manufacturing	\$650 million

The tourism industry is concentrated primarily along the coastal strip including Cairns, Port Douglas and Mission Beach. In terms of tourism, the Cairns region:

- is one of Australia's fastest growing tourism destinations,
- is visited by 40% of international visitors that come to Queensland, and by one in six of all international visitors Australia-wide,
- receives more international visitors than all of WA, Tasmania, SA and NT,
- attracts the highest level of average international visitor daily expenditure of all Queensland destinations, and
- has the 6th busiest airport in Australia.

In 2006-07, the Cairns / Tropical North Queensland region received 2.3 million visitors who stayed at least one night in the region. The number of visitor nights hosted totalled 14.3 million, indicating an average visitor length of stay of 6.3 nights. Of the visitors received in 2006-07,

- 37% were domestic visitors from elsewhere in Queensland,
- 26% were from interstate, and
- 37% were from overseas, mainly Europe (UK, Germany), Asia (especially Japan), USA and New Zealand.

Prime agricultural pursuits in the FNQ region include sugar, bananas, mangoes and other tropical fruits, tobacco, beef cattle and dairying (Australia's northernmost dairy industry). Bauxite mining operations in the region, at Weipa, account for some 10% of total world production of this mineral. Cairns is also established as a mining supply base and domicile centre servicing mining ventures throughout northern Queensland, Papua New Guinea, Indonesia and the near Pacific. It is estimated that about 500 mine employees commute from the Cairns region to fly-in-fly-out mines in these locations.

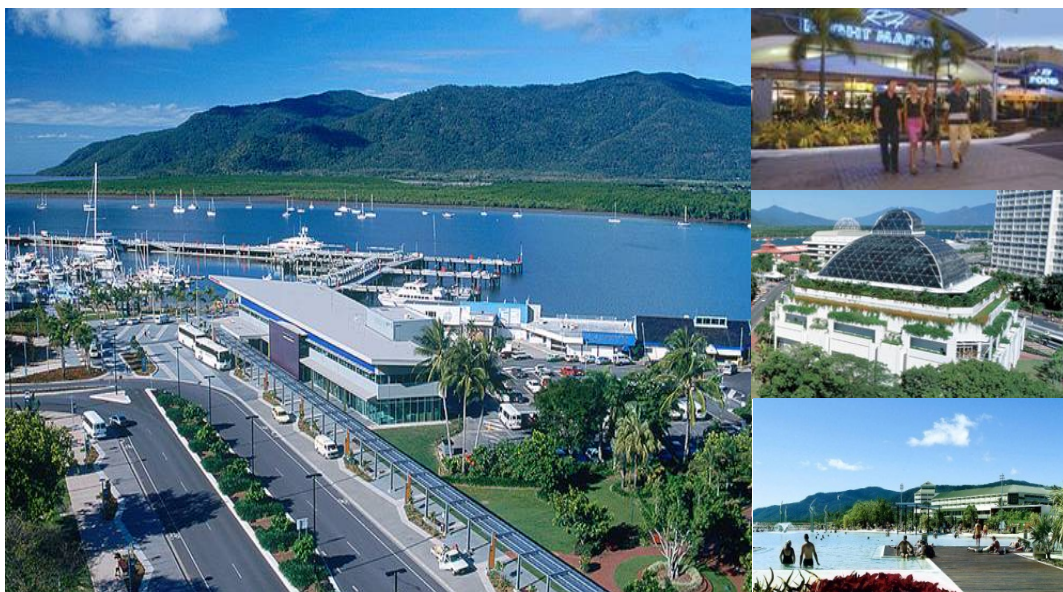
Cairns is home to one of the largest fishing fleets in Australia, and hosts the largest naval base in northern Australia. Major industries in the Far North Queensland region are:

Cairns and Hinterland

- Sugar cane production and sugar processing
- Horticulture (particularly bananas, mangoes, citrus and tropical fruits)
- Seafood production and processing
- Mining services
- Ship building and marine services
- Transport and storage
- Retail trade
- Forestry
- Tourism and recreation services
- Education, professional, health and community services
- Information technology and multi-media

Cape York Savannah

- Crop production (particularly coffee, bananas and tropical fruits)
- Beef production
- Aquaculture (particularly pearl oysters, crayfish and marine prawns)
- Forestry (timber extraction and milling)
- Mining (bauxite, kaolin, gold, tin, zinc, lead, silver, uranium, copper)
- Silica sand extraction
- Tourism
- Government administration
- Education, health and community services



Expanding sectors

While existing sectors, particularly tourism, remain a core focus for expansion in the Cairns and Far North Queensland region, more focus and resources are being placed on tapping into a growing national and world economy in directions other than tourism. Some strengthening and expanding sectors are outlined below.

Tourism

The tourism industry in Cairns and Port Douglas expects continued expansion. Associated and emerging tourism sectors expect continued strong growth, such as conventions and conferences, international student markets and sports tourism.

Property, housing, construction

Cyclone rebuilding and strong population growth underpin continuing strong demand for property, housing and construction.

Tropical expertise / Sustainable development

Cairns has huge potential for its tropical expertise skills to be packaged and marketed to assist other tropical regions and nations. Tropical expertise and sustainable development is a rapidly emerging industry in Queensland, estimated to be worth \$1.3 billion to the state and employing 100,000 people state wide.

International education

The region's international education sector is predicted to have continued strong growth with an expansion of international students at university level (especially out of China) adding to the existing successes in the English language, vocational, school and study tour sectors.

Mineral exports

The Cairns region predicts potential for a sustained period of strong demand for Australia's mineral exports and relatively high mineral commodity prices.

Primary industries

Fisheries continue to be important to the economy with a concentration of activity through the port of Cairns. Markets for tropical fruits are expanding. Beef production has been expanding. Sugar prices are at a record high and expected to remain so. Mining activity is rising, particularly copper, zinc, tin, wolfram and bauxite.

Diversified processing

The region is moving into a new era of diversified processing, including bio fuels, soluble dietary fibres, specialty sugars, chocolate production, wineries, coffee and paper production.

Maritime and aviation

The region's services sector continues to benefit from recent investment in effort to expand the maritime and aviation servicing sectors.



Infrastructure

Cairns City and the Far North Queensland region is serviced by modern infrastructure catering for a diverse range of industries. The high quality, integrated infrastructure networks include:

Cairns International Airport

Redeveloped in 1984 from a provincial airport into one of international standard, the Cairns International Airport has distinct international and domestic terminals, extensive general and private aviation facilities and retail outlets.

Cairns airport is a northern gateway into Australia for international tourists. It's Australia's largest regional airport and the sixth busiest. It is the fifth busiest in terms of international passengers. The airport handles over 130,000 aircraft movements per annum and supports a large general aviation fleet and support industries.

In 2005-06, passenger movements at the airport increased 4 per cent to 3.76 million.

Cairns airport redevelopment

In 2005-06 \$46.3 million was spent to expand airfield infrastructure and complete the first phase of terminal redevelopments. A major redevelopment of the domestic terminal - to cost about \$140 million – has begun and will take two years to complete. A further \$40 million will be spent on expanding the arrivals hall and upgrading retail areas at the international terminals.

Rail

The Cairns region rail network is part of a state wide system which is the largest network in Australia. The modern rail network provides a broad range of freight transport and logistics solutions as well as a comprehensive network of long distance and tourism services within Australia.

Train services regularly run south along the Queensland coast, north to the gulf savannah areas, west to inland centres and through world heritage rainforest to Kuranda. Cairns is serviced by a \$10 million railway station and a freight rail terminal.

Road

Far North Queensland has an extensive road network with about 3,066 km of state-controlled roads. The network services the major freight operations of several industries. The quality of the road network throughout Cairns and surrounding regions is quite good with all major towns connected by sealed roads.

The Far North Queensland region is serviced by eight major highways linking major centres and outer regions.

- Bruce Highway - the national highway connecting Cairns to South Australia.
- Captain Cook Highway - running north of Cairns.
- The Gillies Highway - Cairns to Cairns Highlands and western regions.
- Kennedy Highway - Cairns to Cairns Highlands and western regions.
- Palmerston Highway - Cairns to Cairns Highlands and western regions.
- Cooktown Development Road - linking major towns to remote Far North Queensland regions.
- Gulf Development Road - linking major towns to remote Far North Queensland regions.
- Peninsula Development Road - linking major towns to remote Far North Queensland regions.

Roads redevelopment

The Queensland Government will invest \$217 million in Far North Queensland roads over the next two years to improve road safety in the region.

Public Transport

Cairns and surrounding regions in Far North Queensland are serviced by various bus companies. Cairns itself has a suburban transit mall in the heart of the CBD, and a coach transit station located at Cairns Reef Fleet Terminal on the Cairns Waterfront. Three interstate coaches provide Cairns with daily services linking towns and major cities to the south and north.

Cairns and surrounding regions are also serviced by numerous tourism and charter based bus services. There is an efficient public transport system provided by Sunbus, which includes day and night services to most areas of the city and surrounding suburbs.

Cairns Seaport

Cairns Seaport is the closest port to the Great Barrier Reef and is located on Trinity Inlet at the edge of the Cairns Central Business District. It is a small, multi-purpose regional port which caters for a diverse range of industries including agriculture, mining and tourism.

The Port is managed by the Cairns Port Authority and is the most northerly port on Australia's east coast. It is the busiest cruise port in Australia and home to one of Australia's largest fishing fleets. The port caters for a wide range and size of ships. Pilotage is provided and stevedoring companies operate on site.

Redevelopment of the port known as the CityPort redevelopment worth \$500million is designed to integrate marine and land-based uses in a modern, world-class setting. The project features enhanced pedestrian access to the waterfront, modern terminal facilities for reef vessels and locally based liners and upgraded maritime facilities for tour operators. The capacity of the Cairns Marlin Marina has doubled with provision of berths to be provided for the growing super yacht industry. Part of this development along the Inlet will include apartment and retail precincts.

This next stage of the redevelopment will see the start of work on Cityport South, including an extension of the public foreshore promenade down to the Heritage Cargo wharves and through to the Cairns Convention Centre.

Naval

HMAS Cairns is headquarters to the 51st Far North Queensland Regiment as well as servicing a further 15 Australian Naval vessels. Over 1,000 military personnel are permanently based in Cairns along with numerous support staff and sub-contractors. The port facilities of Cairns also host a number of visiting international Naval vessels who use the port for restocking of their supplies and recreational pursuits.

ECONOMY

The solid upswing in the Cairns regional economy that commenced in 2000's is continuing strongly. Bumper tourist seasons in 2004 and 2005, together with a strong season during 2006, have maintained business confidence at high levels across all sectors of the Cairns economy. The numbers of jobs being advertised are continually at record levels and labour shortages remain endemic across most industry and occupational sectors.

The Cairns residential building and unit development industries have been experiencing strong demand, and increased building activity has been very much a part of a buoyant economic situation. Though the amount of work in the forward construction pipeline is starting to slow there are continued busy times ahead for the building industry in Cairns.

Building approvals in the region, which moderated in 2005/06 to \$677 million from the previous year's record figures of \$850 million, have reached another record of \$900 million for 2006/07.

Tourism supported most of this growth but by 2006, other forces kicked in to stimulate the local economy. High world mineral prices have been underpinning a resurgence of mining in the region. Cairns's role has been expanding as a major servicing and fly-in/fly-out centre for a booming mining sector in northern and north western Queensland, Northern Territory mines, Freeport Indonesia's giant copper mine in Papua Indonesia and for mining and other activity in Papua New Guinea.

Underlying conditions in the region's agricultural and fishing industries (the largest in the north and equivalent to Tasmania) have been buoyant with prices for sugar and beef high and markets expanding for the region's tropical fruit industry.

Decades of strong growth have now taken the region to a population of more than a quarter of a million (the largest in the north), leading to strong growth in a whole range of manufacturing and service industries. Health, education, research and cultural activities have also been expanding.

Looking forward, mineral prices seem likely to remain high and a range of new mining activities are on their way. The region accounts for 27% of Australia's water run off and is well placed to benefit strongly from expanding world markets for agricultural products including a growing demand for bio fuels.

With new Jetstar international services expected to begin to Japan later in the year, Boeing's new generation Dreamliners due to come into service next year and Tiger Airlines likely to commence on domestic routes, a new round of tourism growth seems likely to start rolling from about 2008.

Property Market

The Tropical North’s property market is still defying the odds with steady growth figures

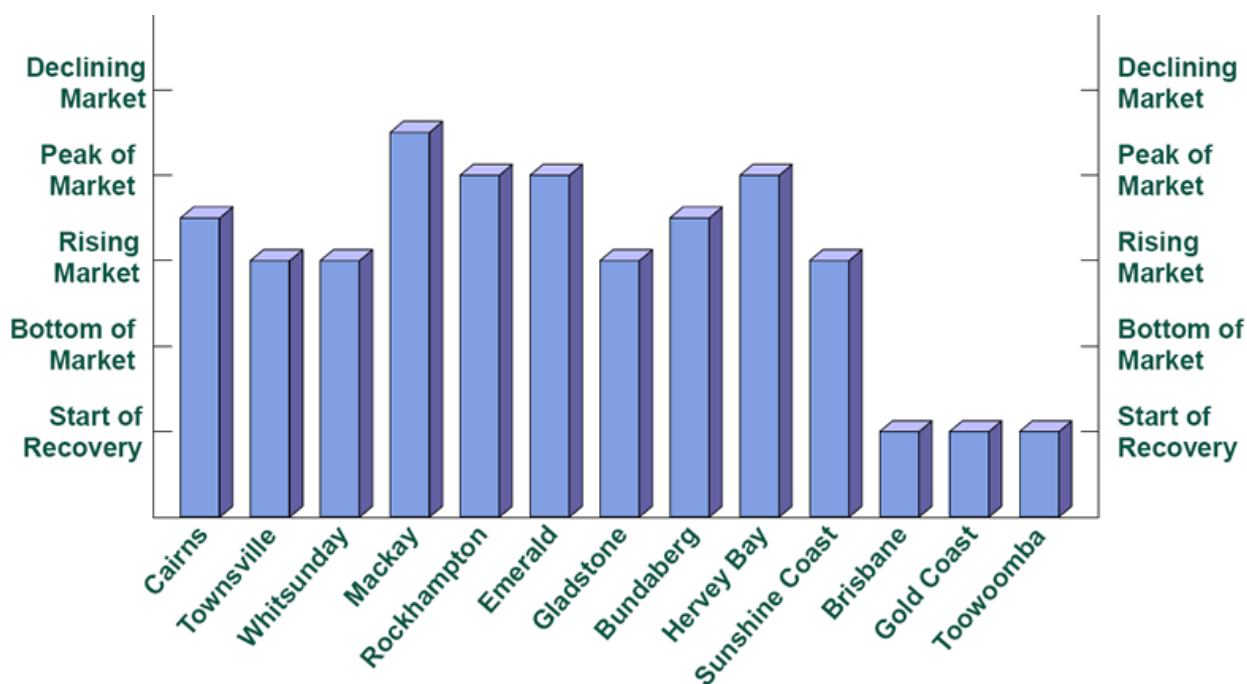
The Cairns residential property market is continuing to power on, driven by buoyancy in the economic situation, high population growth and very low rental vacancy rates. House prices in Cairns have continued to rise throughout 2007, with the median house price reaching \$360,000 in August. This represents a 17% price rise over the past 12 months and follows a 12% rise observed over the previous 12 months to January 2006.

Apartment prices are also on the rise, with the median price for an established apartment increasing by 6% since January 2006, to reach \$185,000 in January 2007. The median new apartment price has risen from \$190,000 in August 2001 to \$320,000 in August 2007.

Normally the Cairns real estate market quietens as population growth and buying activity recede over the summer period. However, last year (2007) it hasn’t happened. The city is still experiencing a steady stream of people seeding properties to either buy or rent. Many of these people have been lured north by the laid-back Cairns lifestyle.

Another emerging factor, compared to southern locations, is Cairns’ plentiful water supply and its lack of plans to include recycled water in its drinking water.

Stage of Property Cycle August 2007



Unit Sales

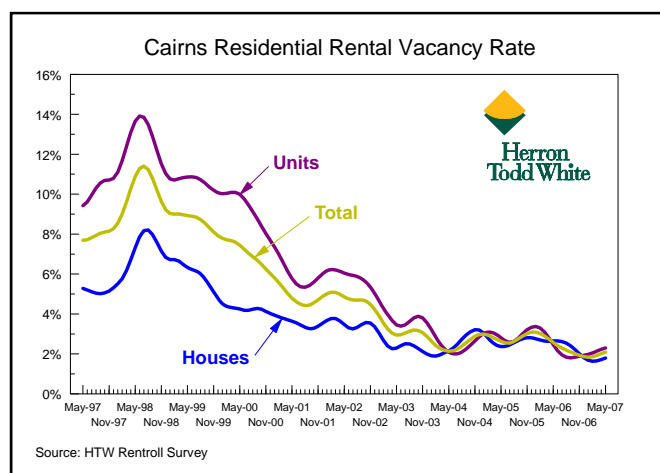
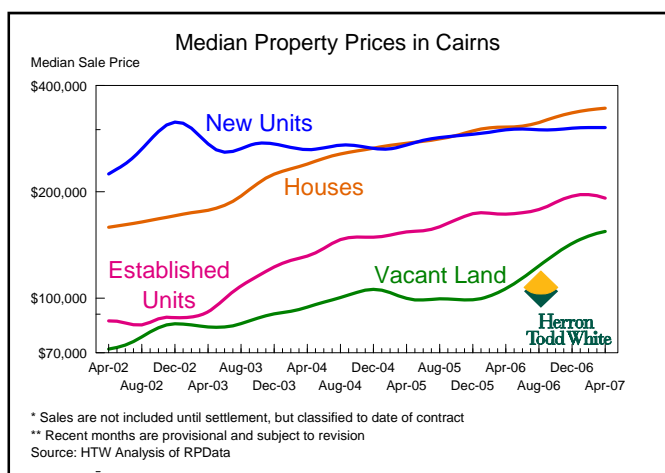
A shift in lifestyle may be behind the demand for units while land remains at premium.

Quarterly New Unit Sales & Supply

Off-the-plan unit sales remain strong in Cairns after 18 months of consistent activity, latest figures show. There were 207 unconditional new unit sales worth \$76.4 million in the Cairns region during the June 07 quarter. (*PRDnationwide Cairns Unit Report*) Sixty four percent of sales recorded in this quarter were for projects intended for permanent residential living. As at June 07 stock levels and strength of supply suggest there was 9.1 months supply of new units available down from 15.1 months supply and 21.6 months supply in the March and December quarter respectively. The Northern Beaches is critically low at 4.1 months supply at the June quarter based on current stock and strength of demand. The weighted average sale price of new units in Cairns was \$369,082.



Values of existing units are expected to continue to rise as increasing construction costs for new units lead to a larger affordability gap between old and new unit properties



Vacant Land Value

The value of vacant land continued to rise as the rate of sale shows signs of slowing. Blocks of 600 to 800 square metres are selling for \$155,000 and as of July 07 was a gain of 45%. The average annual growth rate over the past five years is 10.8% according to data compiled by PRDnationwide.

The growth continued while the volume of sales slowed from more than 600 (year to March 2005) to 476 (year to March 2006), a continuation of the drop following a peak of more than 800 sales in 2003. On the northern beaches, the median value of vacant land is \$191,250 with one waterfront block at the Argentea development near Palm Cove selling for a record of \$1.4 million.

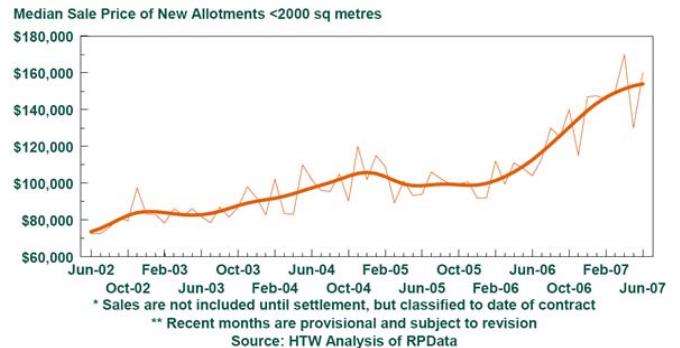
In the southern corridors the annual growth rate was 10.8% and the the limited opportunities for a small range of elevated sites led to annual growth of 14.3% in the city's central suburbs.

The rapid rise in land sales over the six months of Sept 06 to Feb 07 ate into stock levels, with land stocks reducing in trend terms to 850 lots on the market at the end of February 2007, most of which were only available "off-the-plan". Strong demand and the changing mix of lots sold have caused the median price for a vacant allotment to increase by 44% over the last twelve months. Median prices are presently running at around \$90,000 per allotment in the Southern Corridor and \$140,000 in Central and Western Cairns.

Rental Market

Vacancy rates for rental property have been increasing in recent months as a result of newly constructed properties entering the rental pool. However there is continual strong demand for rental accommodation and the rental market is still tight, with vacancy rates remaining below "balanced market" levels. Rents for most categories of residential property in Cairns have been increasing by about \$20 per week during 2007 and similar rent rises are likely to be in store during 2008. Vacancy rates sit at 2.2%.

Cairns Median Land Prices



Residential Land

