



Profile Illawarra

JUNE 2012

Highlights

- » For the year to March 2012, the Wollongong Statistical District (WSD) median house price fell 0.9% to \$430,000, while sales were flat at 3,374. The median unit price declined 5.1% to \$329,000, with 1,497 sales (up 2.3%). Meanwhile, 377 land lots were sold (down 34.7%), as the median price stood at \$275,000.
- » The average yearly unemployment rate was 6.4%, down from 6.8% in the year to March 2011. The average annual youth unemployment rate worsened to 15.2%, up from 14.7%.
- » Production at mines in the southern region increased during the year to March 2012 to 15.7 Million tonnes, up 9.2% from 14.3 Million tonnes.

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Annual State of the Region

3,374 house sales

1,497 unit sales

377 land lot sales

Unemployment = 6.4%

Youth unemployment = 15.2%

189,600 employed persons

5,713 job ads

15.7M tonnes of coal

19.8M tonnes of exports

11.9M tonnes of imports

2.4M domestic visitor nights

Tourist spending = \$687.7M

- » Total tourist expenditure in the Wollongong SD region improved by 4.5% to \$687.7 Million.
- » Spending by domestic overnight visitors to the WSD rose by 8.1% to \$307.0 Million, and domestic daytrippers spent \$276.6 Million, up 6.6%.
- » Domestic visitors stayed in the WSD for 2.4 Million nights, up 12.7%. Meantime, international visitor nights equated to 1.3 Million, a reduction of 14.5% compared to the previous year.
- » There was an 8.4% decrease in the total volume of job advertisements for the WSD throughout the year to March 2012, with 5,713 ads. Full time job advertisements were down 4.4% and part time ads fell 13.8%.
- » Exports at Port Kembla increased to 19.8 Million tonnes, up 1.4%, while imports slipped to 11.9 Million tonnes (down 14.9%).

Southern Mines Coal Production

The number of employees at Southern Mines decreased during the three months to March 2012:

- » Employment fell 13.7% to 3,683 persons, down from a high of 4,266. During the quarter, 1.0 Million tonnes of coal per person was produced, meaning productivity fell 1.5%.
- » Coal production equated to 3.5 Million tonnes (down 14.9%).

There was growth in coal production and the number of employees in mines across the Illawarra region during the year to March 2012:

- » 15.7 Million tonnes of coal was produced, up 9.2% from 14.3 Million tonnes in the previous year.
- » Average employment grew 17.0% to 3,867 persons.
- » Productivity weakened to 4.1 Thousand tonnes per employee, down 6.6%.

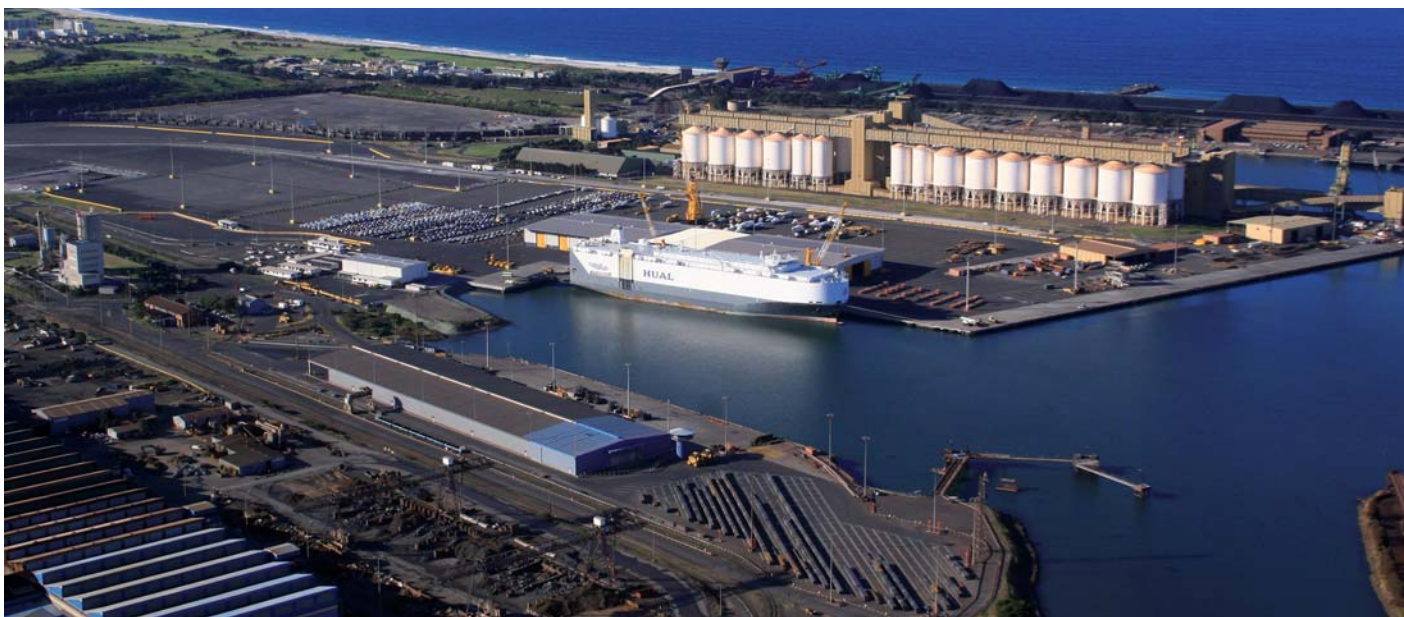
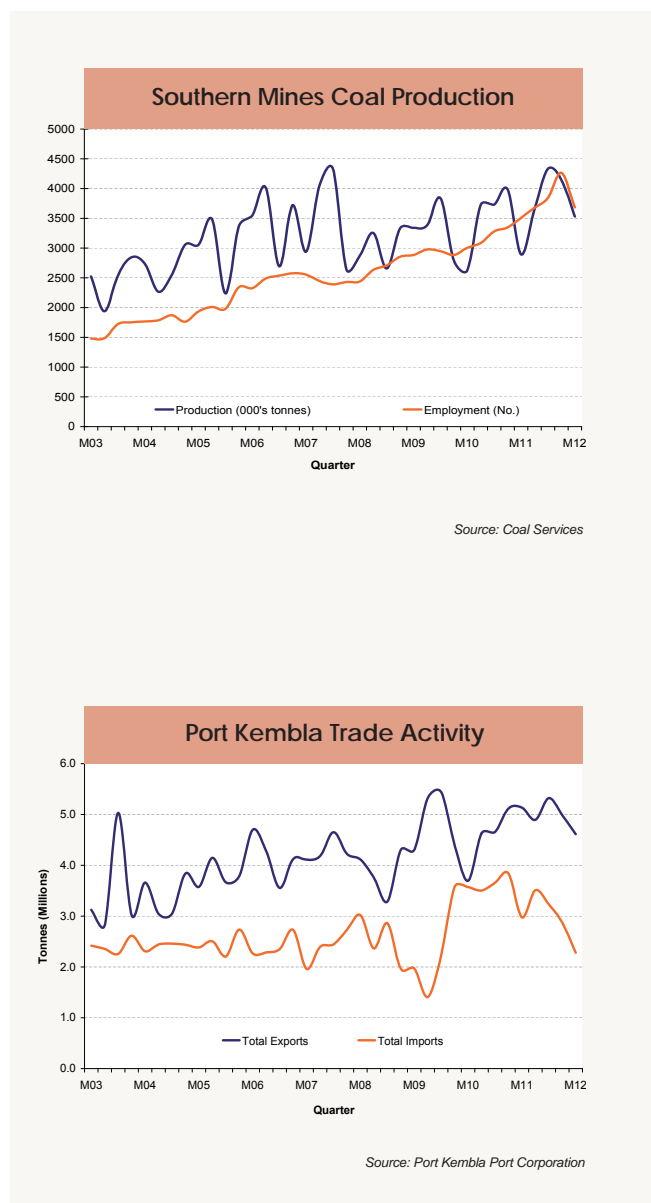
Port Kembla Trade

There was a fall in the quarterly volume of trade activity for the second consecutive quarter. During the March 2012 quarter:

- » Exports declined 7.5% to 4.6 Million tonnes compared to the December quarter figure of 5.0 Million tonnes.
- » The volume of imports decreased to 2.3 Million tonnes, which is down 20.6% from 2.9 Million tonnes in the previous three months.

Export tonnage out of Port Kembla experienced a slight increase in the twelve months to March 2012:

- » Export levels increased to 19.8 Million tonnes, up 1.4% on the 19.5 Million tonnes reported in the previous year.
- » Overseas exports grew 4.0% over this period, whilst interstate and intrastate both fell by 21.4% and 19.6% respectively.
- » There was a decline in import tonnage to 11.9 Million tonnes, a fall of 14.9% from 14.0 Million tonnes.



Consumer Sentiment & Business Conditions



Consumer Sentiment

The *Illawarra Consumer Sentiment Index* grew slightly during the June 2012 quarter:

- » Consumer confidence in the Illawarra was fairly stable, with the index gaining 1 pt to 78 pts. This is 9 pts weaker than the long term June quarter average of 87 pts. It is well below the key index level of 100, as pessimists outnumber optimists.

Across the country, consumer confidence improved marginally over the review period:

- » Westpac's *Australian Consumer Sentiment Index* has climbed 1 pt since March to 96 pts. However, this result is 10 pts below the June quarter average of 105 pts.

Financial Position

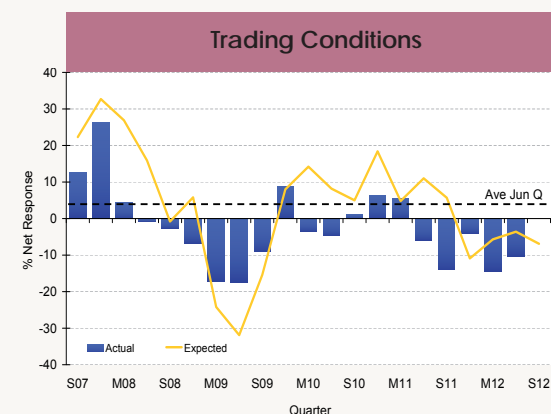
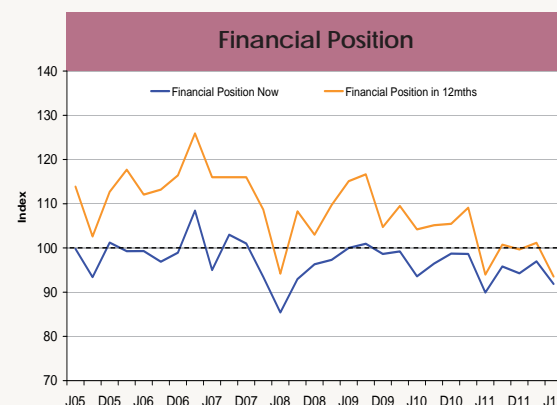
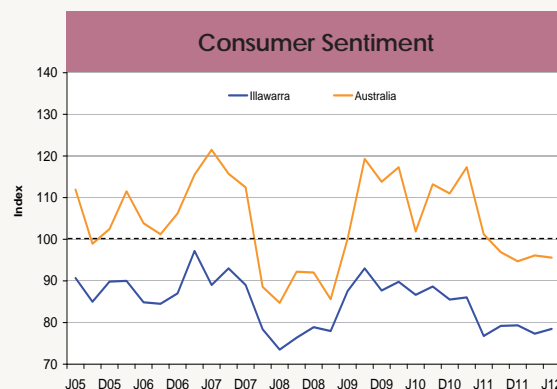
The *Current Financial Position Index* declined, despite a fall in interest rates. In the June quarter:

- » The perceived financial position of local households weakened to 92 pts, down 5 pts since the March quarter.
- » The average level of the *Current Financial Position Index* for a June quarter is 5 pts stronger than the current measure at 96 pts.
- » The *Future Financial Position Index* fell by 8 pts to 94 pts. This is 14 pts under the average level of this index for a June quarter, of 108 pts.

Trading Conditions

There was an improvement in the proportion of local businesses reporting a decline in sales activity during the three months to June 2012:

- » The *Trading Conditions Index* has strengthened by 4.1% pts since March, with a net 10.4% of business indicating poorer trading activity. This remains well below the long term June quarter average, by 14.7% pts.
- » A net 6.9% of Illawarra businesses have forecast worse trading conditions for the September 2012 quarter.
- » Trading conditions weakened for small businesses, with a net 16.8% reporting slower activity. The *Trading Conditions Index* improved by 17.1% pts for large business, as a net 40.0% reported poorer sales activity. A net 19.6% of medium sized local businesses stated that trading conditions were better (up 26.5% pts).



Labour Market



Labour Market Statistics

There were signs of improvement in the Illawarra's employment situation as a whole. For the year to March 2012:

- » An average of 189,600 persons were employed, which is a decrease of 0.5% compared to the year to March 2011.
- » The average yearly unemployment rate was 6.4% (down from 6.8%).
- » Meantime youth unemployment worsened to an average of 15.2% for the year, up from 14.7%.
- » An average of 6,128 people received unemployment benefits, which is a 9.6% drop from 6,778 in the year to March 2011.
- » The average yearly labour force participation rate declined to 55.8%.

The first three months of 2012 showed an increase in the number of people looking for work:

- » The average quarterly employment rate increased to 6.7%, up from 6.2%.
- » At the same time, the average number of unemployment benefit recipients rose 8.1% to 6,445.
- » The average youth unemployment rate also worsened, growing from 12.2% in the December quarter to 16.0%.
- » The number of employed persons reached 186,500 (up 1.7%).
- » Meanwhile the participation rate for the quarter was 54.8% (up 1.1% pts).

Job Advertisements

The volume of local job advertisements published in the Saturday edition of the Illawarra Mercury over the twelve months to March 2012 saw a decline:

- » There were a total of 5,713 advertised jobs in the region, an 8.4% fall compared to the total number of advertisements for the year to March 2011.
- » Full time job ads were down by 4.4% to 3,838. There were 1,898 part time jobs advertised in the region, a drop of 13.8% since the year to March 2011.

In contrast, results for the March quarter showed improvement:

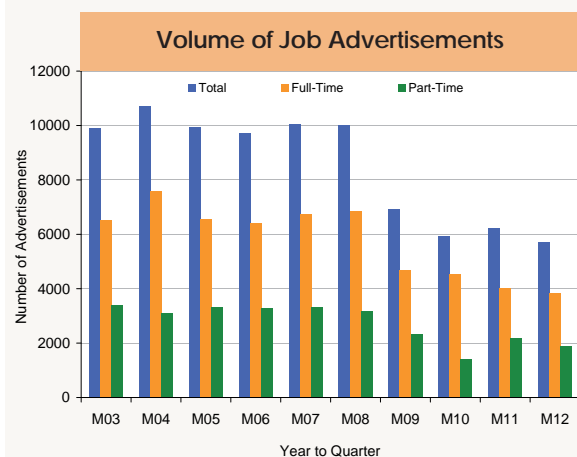
- » 1,431 jobs across the Wollongong SD were advertised, an increase of 19.1%.
- » This was caused by an 82.6% strengthening in the quantity of part-time job ads to 524, with full time ads much more steady at 931, up 1.5% compared to the December result.

	Yr to M11 (Ave.)	Yr to M12 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	190.6	189.6
Unemployment Rate (%)	6.8	6.4
Participation Rate (%)	57.0	55.8
Youth Unemployment Rate (%)	14.7	15.2
Unemp. Benefit Recipients (No.)	6778	6128

Source: ABS Labour Force Survey

	D11 Qtr (Ave.)	M12 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	183.3	186.5
Unemployment Rate (%)	6.2	6.7
Participation Rate (%)	53.7	54.8
Youth Unemployment Rate (%)	12.2	16.0
Unemp. Benefit Recipients (No.)	5960	6445

Source: ABS Labour Force Survey



Source: IRIS/The Saturday Edition of the Illawarra Mercury

Tourism

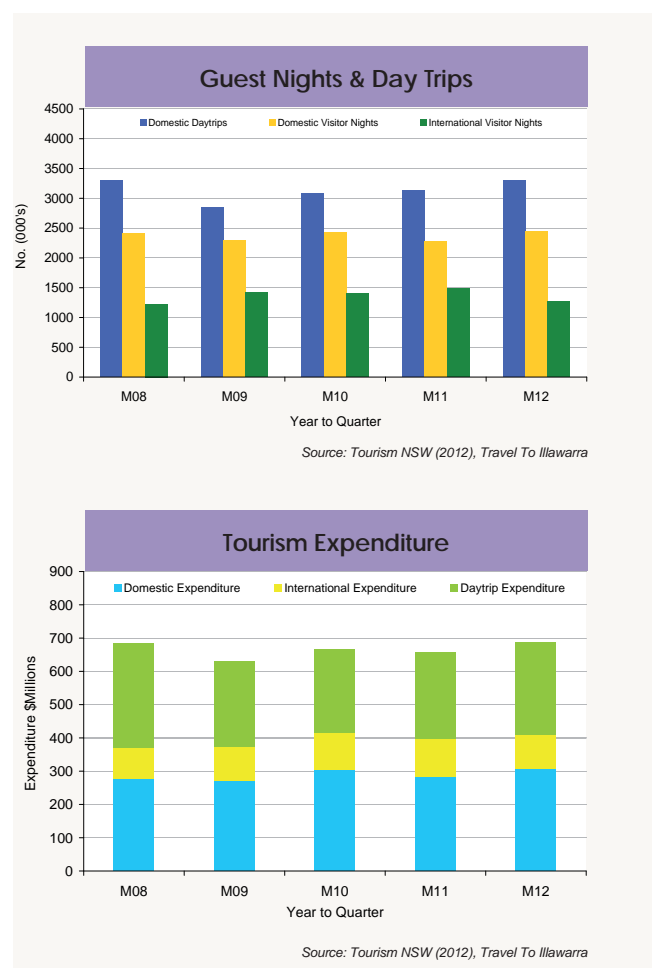
Tourism Activity (WSD)

Figures from Tourism NSW show that the number of visitors to the Wollongong Statistical District (WSD) increased during the year to March 2012:

- » There were 3.3 Million domestic daytrips to the WSD, up 5.3% on the previous year.
- » Domestic overnight visitors to the region increased to 967,000 (up 12.7%), while the nights these domestic travellers stayed increased 7.7% to 2.4 Million.
- » The number of international visitors fell 14.0% to 50,000. 1.3 Million nights were spent in the WSD by international travellers, a reduction of 14.5% compared to the previous year.

Looking at the expenditure by tourists, domestic visitors increased their total spending compared with the previous year. For the twelve months to March 2012:

- » Total tourist expenditure in the Wollongong SD improved by 4.5% to \$687.7 Million, compared to \$657.9 Million in the previous year.
- » Domestic overnight visitors spent an average of \$125 per night, and a total of \$307.0 Million (up 8.1%), while domestic daytrip travellers spent \$84 per trip on average, with a total of \$276.6 Million (up 6.6%).
- » Spending by international overnight visitors increased by 6.5% per night to an average of \$82, however their overall expenditure weakened to \$104.1 Million (down 8.9%).



The March quarter 2012 release of Tourist Accommodation data is the first to incorporate the Australian Statistical Geography Standard as the geographical framework for the collection. Small area data is now produced at Statistical Area Level 2 (SA2) and is not released for Local Government Areas. Data is not available for the following SA2s: Dapto - Avondale, Warilla, Balgownie - Fairy Meadow, Figtree - Keiraville, Thirroul - Austinmer - Coalcliff, Woonona - Bulli - Russell Vale, North Nowra - Bomaderry, Ulladulla Region, Moss Vale - Berrima, Southern Highlands.

Table: March Quarter 2012 Tourist Accommodation Data - Hotels, motels and serviced apartments with 15 or more rooms

	Establishments (no.)	Rooms (no.)	Bed spaces (no.)	Bed occupancy rate (%)	Room nights occupied (no.)	Room occupancy rate (%)	Guest arrivals (no.)	Guest nights occupied (no.)	Takings (\$'000)
Berkeley - Warrawong - Windang	3	154	506	19.5	4,458	31.8	6,484	8,994	525,513
Wollongong	15	706	1,809	46.7	43,782	68.1	31,407	76,899	6,733,216
Shellharbour - Flinders	3	78	206	29.2	3,352	47.2	3,593	5,474	383,224
Kiama	5	184	485	57.1	11,976	71.5	11,538	25,186	2,081,926
Kiama Hinterland - Gerringong	4	143	445	33.3	6,000	46.1	8,352	13,492	956,254
Wollongong SD	38	NP	NP	NP	NP	NP	NP	NP	NP
Berry - Kangaroo Valley	4	113	405	23.9	4,193	40.8	5,403	8,806	702,655
Huskisson - Vincentia	4	96	282	46.0	5,751	65.8	7,602	11,814	803,127
Nowra	8	228	655	32.0	12,180	58.7	11,163	19,072	1,374,359
Ulladulla	9	190	687	39.1	11,960	69.2	10,801	24,418	2,224,925
Bowral	9	274	609	38.4	12,756	51.2	14,409	21,284	1,977,310
Mittagong	5	153	384	28.2	7,187	51.6	6,906	9,859	916,469
Illawarra SD	86	NP	NP	NP	NP	NP	NP	NP	NP

Note: NP = Not provided

Source: ABS Survey of Tourist Accommodation

Property



Property Market (WSD)

Median property prices across the Wollongong Statistical District (WSD) were weaker for the year to March 2012:

- » For the WSD, the median house price fell 0.9% to \$430,000, while sales were flat at 3,374. The median unit price declined 5.1% to \$329,000, with 1,497 unit sales (up 2.3%). Meanwhile, 377 land lots were sold (down 34.7%) and the median price sat at \$275,000.
- » There was a 37.6% increase in the number of unit sales recorded in Shellharbour LGA to 249, with a median price of \$305,000 (up 3.4%).
- » Median unit prices fell for Wollongong LGA, to \$332,500 (down 5.8%), and Kiama to \$358,000 (down 4.1%).
- » Wollongong LGA recorded an 18.6% fall in the median land price, to \$268,500, with 164 sales recorded (down 47.9%). The land prices in Shellharbour LGA and Kiama LGA grew, to \$270,000 (up 7.4%) and \$289,500 (up 3.4%), respectively.

For the March 2012 quarter:

- » Looking at the market for houses, the median house price grew 5.1% across the WSD to \$441,250, with 668 sales recorded. There were increases in Wollongong LGA to \$445,750 (up 4.9%), in Shellharbour LGA to \$385,000 (up 2.3%) and Kiama LGA to \$565,000 (up 5.6%).
- » Shellharbour LGA recorded a median unit sale price of \$290,000 (down 4.9%), Wollongong LGA \$353,000 (up 5.4%) and Kiama LGA recorded \$350,000 (up 12.0%). There were 294 sales throughout the WSD.
- » For the WSD collectively, the median land price improved by 5.1% to \$263,500, with 84 sales. There was a 49.3% surge in the median price paid for land in Wollongong LGA to \$298,500 for 39 sales. The median in Shellharbour was \$250,000 and in Kiama was \$286,000.

Rental Market

The twelve months to March 2012 saw rental listings increase:

- » The average number of listings for houses grew 24.0% for houses to 31 per week, and rose 9.6% for units to 57 per week.
- » There was a 2.6% gain in the median advertised weekly rental price for houses was \$400 and the median price for flats and units remained steady at \$300 per week.

In the Wollongong SD, during the three months to March 2012:

- » The median rental price for houses remained on par with the previous quarter at \$400 per week, while there was a 1.7% rise in the median rental price for flats and units, to \$300 per week.
- » The number of properties listed for rent each week grew, with an average of 38 houses (up 15.2%) and 63 units (up 5.0%).

MEDIAN PROPERTY VALUES	Year to Mar 11 (\$)	Year to Mar 12 (\$)	Yearly Change (%)
HOUSES			
Wollongong Statistical District	434,000	430,000	-0.9
Wollongong LGA	445,500	436,600	-2.0
Shellharbour LGA	370,000	380,000	2.7
Kiama LGA	548,500	550,000	0.3
UNITS/TOWNHOUSES			
Wollongong Statistical District	346,500	329,000	-5.1
Wollongong LGA	353,000	332,500	-5.8
Shellharbour LGA	295,000	305,000	3.4
Kiama LGA	373,250	358,000	-4.1
LAND			
Wollongong Statistical District	275,000	275,000	0.0
Wollongong LGA	330,000	268,500	-18.6
Shellharbour LGA	251,500	270,000	7.4
Kiama LGA	280,000	289,500	3.4

Source: IRIS/Valuer General's Land and Housing Database

RENTAL MARKET VALUES	Year to Mar 11 (\$)	Year to Mar 12 (\$)	Yearly Change (%)
HOUSES			
Median Weekly Rental (\$)	390	400	2.6
Average Weekly Listings (No.)	25	31	24.0
UNITS - 1 Bedroom			
Median Weekly Rental (\$)	190	210	10.5
Average Weekly Listings (No.)	8	10	25.0
UNITS - 2 Bedroom			
Median Weekly Rental (\$)	300	300	0.0
Average Weekly Listings (No.)	29	29	0.0
UNITS - Total			
Median Weekly Rental (\$)	300	300	0.0
Average Weekly Listings (No.)	52	57	9.6

Source: IRIS/The Saturday Edition of the Illawarra Mercury/Domain.com/RealEstate.com

Building Approvals



Dwelling Approvals

The volume of dwelling approvals in the Illawarra Statistical District (ISD) declined in the year to March 2012:

- » Total approvals dropped by 21.2% to 1,393, due mostly to unit approvals shrinking to 346 (down 45.3%). House approvals were down 7.8% to 1,047.
- » Wollongong was the only LGA to record an increase, with 557 approvals, up 17.3%.
- » Approvals deteriorated 12.2% in Shellharbour LGA to 230, and 30.0% in Kiama LGA to 28. Shoalhaven LGA recorded 442 approvals for dwellings, a drop of 44.8% and Wingecarribee had 136 (down 28.4%).

Similarly, residential approvals weakened during the March quarter:

- » Overall, ISD dwelling approvals decreased by 41.7% to 275. Unit approvals, diminished from 189 to 29, down 84.7%. There were 246 house approvals, which equates to a 13.1% fall.
- » The Wollongong LGA saw 85 dwellings approved (down 66.3%), Shellharbour had 45 approvals (down 37.5%) and Kiama recorded 4 approvals, down from 14 in the December quarter. Shoalhaven LGA was flat with 102 dwelling approvals (down 3.8% from 106).
- » Wingecarribee had 39 dwellings approved, a 39.3% gain from 28.

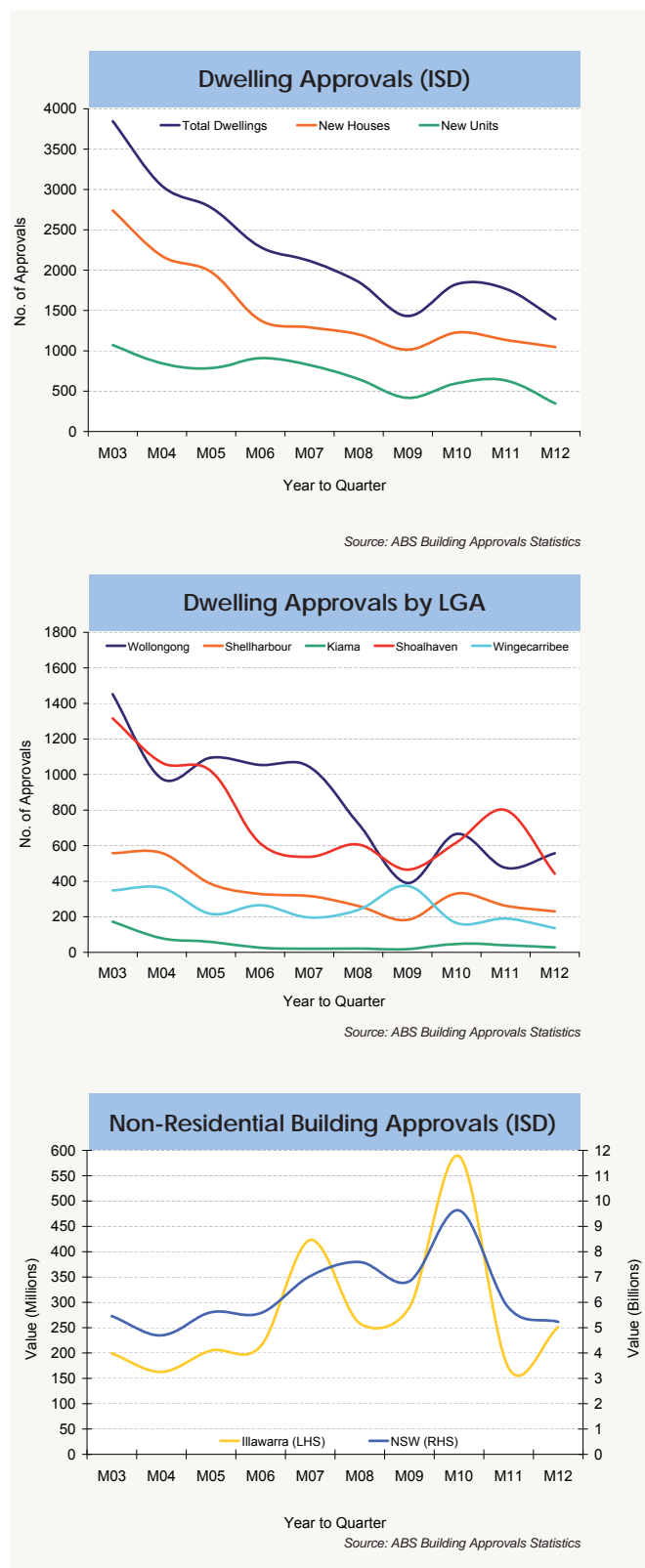
Non-Residential Building Approvals

There was an increase in non-residential building approval values across the Illawarra region during the year to March 2012:

- » There was a 47.4% rise in the value of non-residential construction approvals in the ISD to \$251.1 Million. Both private investment (up 37.5%) and public investment (up 68.4%) increased, growing to \$159.5 Million and \$91.6 Million, respectively.
- » The value of approvals in NSW decreased to \$5.2 Billion, a decline of 9.6%. Private and public building approvals decreased by 10.2% and 6.9% respectively.

Investment in non-residential construction grew during the three months to March 2012:

- » In the Illawarra, the value of approvals rose 64.1% to \$68.1 Million. Private investment increased considerably to \$64.3 Million (up 464.8%), while public approvals dwindled to \$3.8 Million, a decrease of 87.5%.
- » The Wollongong SD saw non-residential building approvals more than halve for the second consecutive quarter to \$13.4 Million (down 63.8%).



Investment



The following list represents the majority of large developments (\$1M and over) taking place in the region up to the date of publishing. Those developments that have been approved to be built are indicated by an 'A', a project which has been completed in the current quarter is indicated by a 'C' and those currently under construction or have had their construction certificates approved are indicated by a 'U/C'. (A full list of current and recently completed projects is available by contacting IRIS Research).

Organisation	Development	Status	Value
NSW Public Works	Wollongong - WIN Stadium Western Grandstand	U/C	\$20.8M
	Wollongong - North Beach Bathers Pavilion	U/C	\$11.5M
	Shellharbour - Shellharbour Hospital Non Acute Mental Health Unit	U/C	\$4.8M
The University Of Wollongong	Sustainable Buildings Research Centre	U/C	\$70.0M
	Building 19 refurbishment	U/C	\$4.0M
	Batemans Bay extension/refurbishment	U/C	\$2.0M
	Bowral - Highlands Development (five 4 bedroom townhouses)	U/C	\$2.0M
	Student Accommodation - Kooloobong extension	A	\$35.4M
Roads and Maritime Services	South Nowra - Upgrade of the Princes Hwy from Kinghorne St to Forest Rd	U/C	\$62.0M
	Bega Bypass - Realignment of the Princes Hwy to bypass Bega	U/C	\$60.0M
	Picton Road - Road Safety Strategy - a range of projects to upgrade the 27kms of Picton Rd	U/C	\$47.3M
	Figtree - Major intersection improvements on the Princes Highway	U/C	\$15.0M
Department of Housing	Towradgi - 17 dwellings - seniors housing (1-5 Sturdee Street)	U/C	\$4.5M
	Tarrawanna - 13 dwellings - general housing (8-12 Henry Street)	U/C	\$3.3M
IRT	Unanderra - Catering Extension	A	\$1.8M
GPT	Wollongong - West Keira Development	U/C	\$200.0M
Stockland	Shellharbour City Centre - Shellharbour Square Expansion	U/C	\$300.0M
Port Kembla Port Corporation	Port Kembla - Outer Harbour Expansion	U/C	\$600.0M
	Port Kembla - Soy Bean Processing and Bio Diesel Plant	U/C	\$273.0M

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Report Notes

The Profile Illawarra Report is produced quarterly by IRIS as an indicator of the regional economy. Information is based on data sourced from ABS publications, State Government, regional commercial and industrial establishments and from the IRIS database.

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