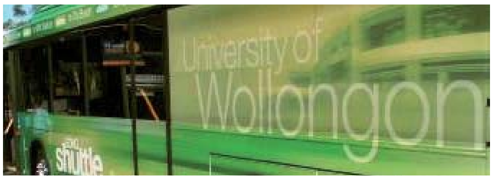
IRIS RESEARCH



Profile Illawarra

SEPTEMBER 2012

Highlights

- The average yearly unemployment rate was 6.7%, up from 6.6% in the year to June 2011. Youth unemployment improved to an average of 14.3% for the year, down from 15.1%.

- There were a total of 5,583 job advertisements for the Wollongong Statistical District, a 10.3% fall since the previous year. Full time job advertisements were down by 2.5% and part time ads weakened by 22.6%.

- Total tourist expenditure in the WSD grew by 1.8% to $703.5 Million. Domestic overnight visitors spent $315.9 Million (up 3.3%), while domestic daytrippers spent $295.0 Million, up 12.4% and international overnight visitors recorded $92.6 Million of expenditure (down 24.7%).

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Annual State of the Region

- 3,468 house sales
- 1,502 unit sales
- 481 land lot sales
- Unemployment = 6.7%
- Youth unemployment = 14.3%
- 187,800 employed persons
- 5,583 job ads
- 16.6M tonnes of coal
- 21.0M tonnes of exports
- 11.2M tonnes of imports
- 2.6M domestic visitor nights
- Tourist spending = $703.5M

- Meantime, there was an 18.0% reduction in the nights spent in the region by international visitors, to 1.3 Million. Domestic visitors stayed in the WSD for 2.6 Million nights, up 12.1%.

- Trade activity at Port Kembla showed a 6.1% increase in exports to 21.0 Million tonnes, while imports fell 20.2% to 11.2 Million tonnes.

- Southern Mines recorded growth in coal production during the year to June 2012, up 16.1% to 16.6 Million tonnes, from 14.3 Million tonnes in the previous year.

- For the Wollongong SD, the median house price fell 1.1% to $430,000, while the median unit price declined 5.7% to $330,000 and the median land price dropped 12.1% to $255,000.

- Meanwhile, 481 land lots were sold (down 16.6%), house sales dipped 1.6% to 3,468 and there were 1,502 unit sales (down 6.2%).

University of Wollongong

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Trade

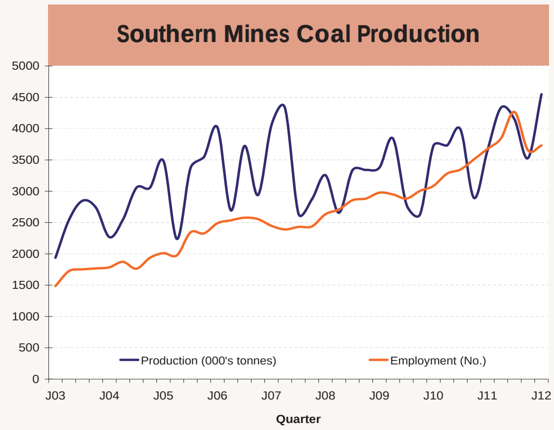
Southern Mines Coal Production

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

- 16.6 Million tonnes of coal was produced, up 16.1% from 14.3 Million tonnes in the previous year.
- Average employment grew 12.2% to 3,874 persons and productivity increased to 4.3 Thousand tonnes per employee, up 3.5%.

Coal production improved during the three months to June 2012:

- Coal production at Southern Mines rose to 4.5 Million tonnes (up 28.9%), this is the highest quarterly result since September 1993.
- Employment grew 2.1% to 3,730 persons. During the quarter, productivity improved by 26.3% with 1.2 Thousand tonnes of coal produced per person.



Source: Coal Services

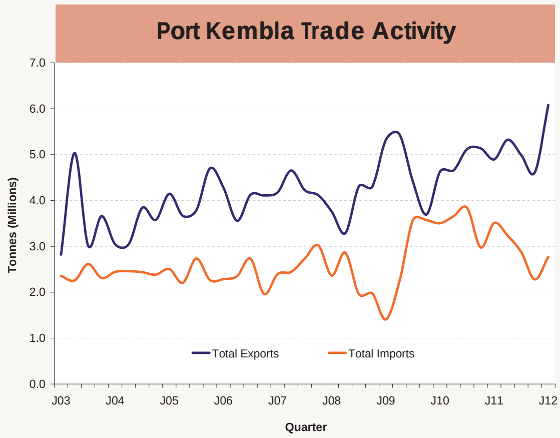
Port Kembla Trade

Trade activity at Port Kembla experienced mixed changes for the twelve months to June 2012:

- Export levels increased to 21.0 Million tonnes, up 6.1% on the 19.8 Million tonnes reported in the year to June 2011.
- Overseas exports increased by 8.6% over this period, whilst interstate and intrastate both fell by 19.3% and 17.0% respectively.
- Import tonnage declined to 11.2 Million tonnes. This represents a fall of 20.2% from 14.0 Million tonnes in the previous year.

Export tonnage experienced a record high in the June 2012 quarter:

- Exports reached 6.1 Million tonnes, 31.8% up since the March quarter result of 4.6 Million tonnes. This is the greatest quarterly tonnage recorded in a single quarter since the series began in 1980.
- The volume of imports grew to 2.8 Million tonnes, which is up 21.5% from 2.3 Million tonnes in the previous three months.



Source: Port Kembla Port Corporation

Consumer Sentiment & Business Conditions

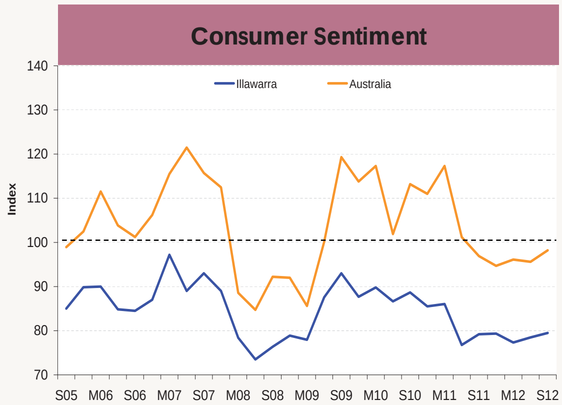
Consumer Sentiment

Local consumer confidence grew slightly during the three months to September 2012:

- The *Illawarra Consumer Sentiment Index* gained 1 pt to 79 pts overall.
- This is 9 pts under the long term September quarter average of 88 pts and well below the key index level of 100.

Nationally, consumer confidence increased over the review period:

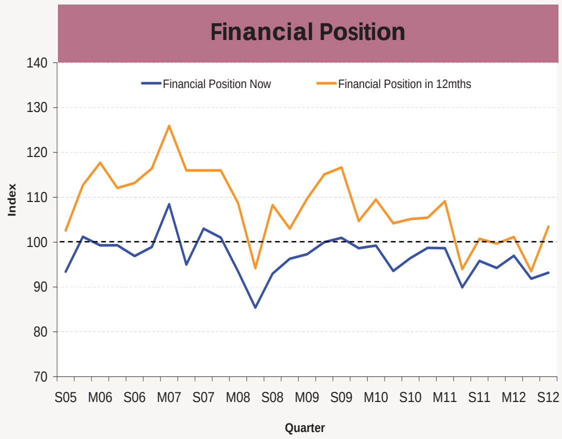
- Westpac's *Australian Consumer Sentiment Index* strengthened by 3 pts to its highest level since the June 2011 quarter.
- However, this result of 98 pts is 9 pts below the long term September average of 107 pts.



Financial Position

The perceived financial position of local households improved slightly, while interest rates remained steady. In the September quarter:

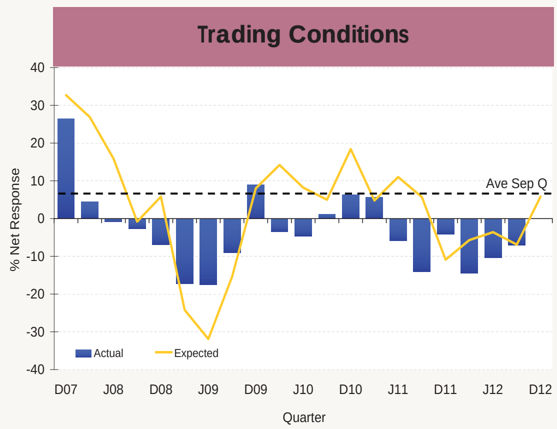
- The *Current Financial Position Index* stood at 93 pts, up 1 pt since the June quarter.
- The current result is 6 pts weaker than the September quarter average of 99 pts.
- Confidence about the future financial situation of Illawarra consumers recovered significantly, as the *Future Financial Position Index* rose 10 pts to 103 pts. This remains below the average level of 112 pts for a September quarter.



Trading Conditions

Fewer local businesses reported weaker trading activity during the three months to September 2012:

- The *Trading Conditions Index* strengthened by 3.4% pts since June, with a net 7.0% of business indicating poorer trading activity. This remains well below the long term September quarter average, by 13.7% pts.
- There was a 12.7% pt rise in the *Future Trading Conditions Index*, as a net 5.8% of Illawarra businesses have forecast enhanced trading conditions for the December 2012 quarter.
- Trading conditions were worse for a net 13.8% of small businesses, a 3.0% pt improvement since June. The *Trading Conditions Index* for medium sized businesses lost 5.1% pts to a net 14.5%. Equal numbers of large businesses reported better and poorer trade activity, causing the index to increase by 40.0% pts.



Labour Market

Labour Market Statistics

The Illawarra's labour market deteriorated in the year to June 2012:

- The average number of employed persons decreased by 2.6% to 187,800 compared to 192,800 in the year to June 2011.
- The average yearly participation rate declined to 55.3%, down 2.0% pts.
- Looking at annual unemployment, the average overall unemployment rate worsened slightly to 6.7% (up from 6.6%), while youth unemployment improved to an average of 14.3% for the year, down from 15.1%.
- An average of 6,140 people received unemployment benefits, a 5.1% drop from 6,473 in the year to June 2011.

Since the March quarter, there has been an increase in the number of people participating in the workforce. The June quarter showed:

- The Illawarra SD participation rate reached 55.9% (up 1.0% pt) and the number of employed persons reached 188,900, a gain of 1.3% from 186,500 in the previous quarter.
- The average quarterly unemployment rate increased to 7.3%, up 0.5% pts from 6.7%.
- In contrast, over the same period the average number of unemployment benefit recipients in the region fell 4.2% to 6,176.
- The average youth unemployment rate also decreased, improving markedly from 16.0% in the March quarter, to 12.8%.

	Yr to J11 (Ave.)	Yr to J12 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	192.8	187.8
Unemployment Rate (%)	6.6	6.7
Participation Rate (%)	57.3	55.3
Youth Unemployment Rate (%)	15.1	14.3
Unemp. Benefit Recipients (No.)	6473	6140

Source: ABS Labour Force Survey

	M11 Qtr (Ave.)	J12 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	186.5	188.9
Unemployment Rate (%)	6.7	7.3
Participation Rate (%)	54.8	55.9
Youth Unemployment Rate (%)	16.0	12.8
Unemp. Benefit Recipients (No.)	6445	6176

Source: ABS Labour Force Survey

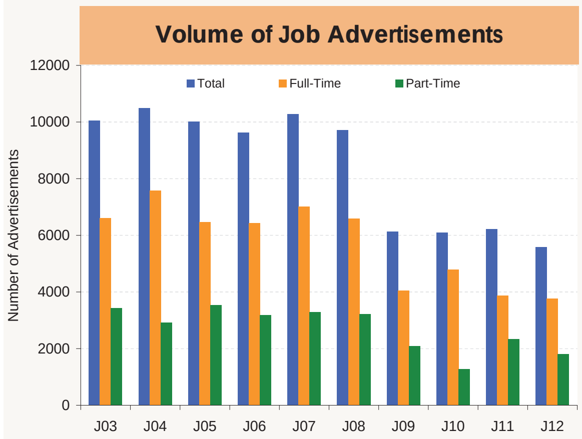
Job Advertisements

The volume of local job advertisements published in the Saturday edition of the Illawarra Mercury over the twelve months to June 2012 declined:

- There were a total of 5,583 advertised jobs in the region, a 10.3% fall compared to the total number of advertisements for the year to June 2011.
- Full time job ads weakened by 2.5% to 3,770 and 1,810 part time jobs were advertised in the region, a drop of 22.6% since the year to June 2011.

In contrast, results for the June quarter showed a slight rise:

- 1,438 jobs across the Wollongong SD were advertised, a mild increase of 0.5%.
- Contributing to this growth was a 5.5% strengthening in the quantity of full time job ads to 982, and a 21.6% dip in part time ads to 411.



Source: IRIS/The Saturday Edition of the Illawarra Mercury

Tourism

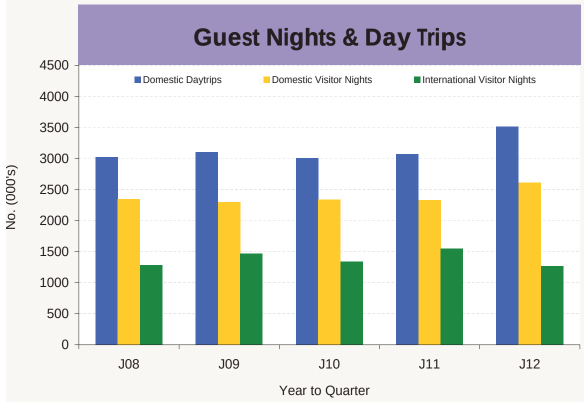
Tourism Activity (WSD)

Figures from Destination NSW show that the amount of time spent in the Wollongong Statistical District (WSD) by domestic visitors increased during the year to June:

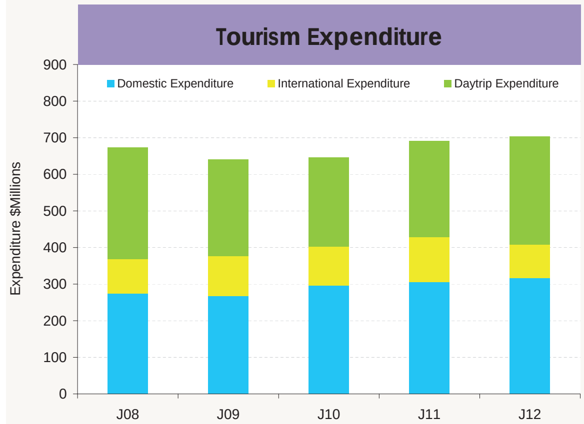
- Domestic overnight visitors to the region increased by 12.4% to 1.0 Million, while the nights these domestic travellers stayed were up 12.1% to 2.6 Million.
- There were 3.5 Million domestic daytrips to the WSD, 14.2% stronger compared to the year to June 2011.
- The number of international visitors fell 18.6% to 48,000. These international travellers spent 1.3 Million nights in the WSD, down 18.0% on the previous year.

Tourist expenditure improved, with increased spending by domestic vistors compared to the previous year. For the twelve months to June 2012:

- Domestic overnight visitors spent an average of $121 per night, equating to a total of $315.9 Million (up 3.3%).
- Domestic daytrip travellers spent a total of $295.0 Million (up 12.4%), averaging $84 per trip.
- Spending by international overnight visitors fell by 7.6% per night to an average of $73, and their overall expenditure weakened to $92.6 Million (down 24.7%).
- Total tourist expenditure in the Wollongong SD grew by 1.8% to $703.5 Million, up from $691.2 Million in the previous year.



Source: Destination NSW (2012), Travel To Illawarra



Source: Destination NSW (2012), Travel To Illawarra

The June quarter 2012 release of Tourist Accommodation data is the second 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: June Quarter 2012 Tourist Accommodation Data - Hotels, motels and serviced apartments with 15 or more rooms

	Establish-ments (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	14.3	3,656	26.1	5,017	6,603	429,244
Wollongong	14	639	1,673	38.7	36,655	63.0	25,238	58,989	5,687,496
Shellharbour - Flinders	3	79	204	24.9	3,090	43.0	2,859	4,626	377,085
Kiama	5	184	446	43.5	9,375	56.0	8,588	17,641	1,503,493
Kiama Hinterland - Gerringong	4	143	407	28.0	5,064	38.9	6,511	10,374	648,360
Wollongong SD	37	NP	NP	NP	NP	NP	NP	NP	NP
Berry - Kangaroo Valley	4	113	406	21.8	3,907	38.0	4,788	8,036	642,160
Huskisson - Vincentia	4	96	283	26.4	3,621	41.4	4,720	6,811	464,781
Nowra	8	235	665	30.0	11,634	54.4	10,838	18,163	1,294,189
Ulladulla	9	190	675	24.8	7,948	47.3	7,679	14,939	1,346,902
Bowral	9	274	614	39.4	13,293	53.3	14,154	22,006	2,190,949
Mittagong	5	153	383	27.2	6,552	47.1	6,590	9,492	853,920
Illawarra SD	85	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 deteriorated across the Wollongong Statistical District (WSD) for the year to June 2012:

- For the WSD, the median house price fell 1.1% to $430,000, while the median unit price declined 5.7% to $330,000 and the median land price dropped 12.1% to $255,000. Meanwhile, 481 land lots were sold (down 16.6%), house sales dipped to 3,468 and there were 1,502 unit sales (down 6.2%).
- Shellharbour was the only local government area to experience increased dwelling prices, with a 2.4% rise in the median house price to $384,500 and a 1.3% rise in the median unit price to $304,000.
- Median house prices fell for Wollongong LGA, down 3.3% to $435,000, and Kiama to $550,000, down 0.9%. The median price for Wollongong units fell 4.9% to $337,500 and by 7.2% for Kiama units to $355,000.
- Looking at median land prices, Wollongong LGA was 32.4% weaker at $240,000, and Shellharbour LGA fell 5.7% to $250,000. Kiama LGA recorded growth of 5.7% to $280,000.

WSD unit and land prices weakened during the June 2012 quarter:

- Shellharbour recorded a median unit price of $315,000 (up 9.1%), Wollongong LGA had $338,000 (down 4.6%) and Kiama LGA was steady at $353,500. There were 308 sales across the WSD.
- The median land price declined by 13.2% in the WSD to $230,000, with 155 sales. There was a 21.0% drop in the median price of land in Wollongong LGA to $232,375. The median in Shellharbour was $225,000 (down 11.8%) and was $258,000 in Kiama (down 1.1%).
- The median house price gained a slight 0.7% in the WSD to $450,000, with 811 sales recorded. There were increases in Shellharbour LGA to $409,000 (up 3.5%) and Kiama was up 2.3% to $567,500. Wollongong LGA suffered a slight decrease to $450,000 (down 0.6%).

MEDIAN PROPERTY VALUES	Year to Jun 11 ($)	Year to Jun 12 ($)	Yearly Change (%)
HOUSES			
Wollongong Statistical District	435,000	430,000	*-1.1*
Wollongong LGA	450,000	435,000	*-3.3*
Shellharbour LGA	375,500	384,500	*2.4*
Kiama LGA	555,000	550,000	*-0.9*
UNITS/TOWNHOUSES			
Wollongong Statistical District	350,000	330,000	*-5.7*
Wollongong LGA	355,000	337,500	*-4.9*
Shellharbour LGA	300,000	304,000	*1.3*
Kiama LGA	382,500	355,000	*-7.2*
LAND			
Wollongong Statistical District	290,000	255,000	*-12.1*
Wollongong LGA	355,000	240,000	*-32.4*
Shellharbour LGA	265,000	250,000	*-5.7*
Kiama LGA	265,000	280,000	*5.7*

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

Rental Market

The twelve months to June 2012 saw rental listings increase:

- The number of rental listings grew 24.0% for houses to an average of 31 per week, and rose 11.8% for units to 57 per week.
- The median weekly rental price for houses rose 5.1% to $410 and the median weekly price for units was steady at $300.

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

- The median advertised rental price for houses remained unchanged from the previous quarter at $400 per week, while there was a 6.7% rise in the median rental price for flats and units, to $320 per week.
- The number of properties listed for rent each week fell, down 26.3% to an average of 28 houses and down 15.9% to 53 units.

RENTAL MARKET VALUES	Year to Jun 11 ($)	Year to Jun 12 ($)	Yearly Change (%)
HOUSES			
Median Weekly Rental ($)	390	410	*5.1*
Average Weekly Listings (No.)	25	31	*24.0*
UNITS - 1 Bedroom			
Median Weekly Rental ($)	200	210	*5.0*
Average Weekly Listings (No.)	8	10	*25.0*
UNITS - 2 Bedroom			
Median Weekly Rental ($)	300	300	*0.0*
Average Weekly Listings (No.)	27	30	*11.1*
UNITS - Total			
Median Weekly Rental ($)	300	300	*0.0*
Average Weekly Listings (No.)	51	57	*11.8*

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

Building Approvals

Dwelling Approvals

The quantity of residential building approvals in the Illawarra Statistical District (ISD) fell over the year to June 2012:

- In total there were 1,441 dwellings approved in the ISD, a 14.1% decrease on the previous year. Unit approvals were down 26.8% to 416 and the number of house approvals weakened by 7.7% to 1,025.
- Approvals increased by 19.2% in Wollongong LGA and by 8.3% in Shellharbour LGA, with 565 and 261 approvals respectively.
- Approvals declined by 28.2% in Kiama LGA to 28 and by 39.6% in Shoalhaven LGA to 452. Wingecarribee recorded 135 approvals, down 23.3% compared to the year to June 2011.

In the three months to June 2012:

- The number of dwelling approvals in the ISD grew to 264, up 7.3%. Unit approvals recovered from 29 to 121, a gain of 317.2%. There were 385 house approvals, an improvement of 40.0%.
- The Wollongong LGA saw 136 dwellings approved (up 60.0%), Shellharbour had 98 approvals (up 117.8%) and Shoalhaven LGA was stronger with 120 dwelling approvals (up 17.6% from 102).
- Kiama recorded 2 approvals, down from 4 in the March quarter and Wingecarribee had 29 dwellings approved, a 25.6% drop from 39.

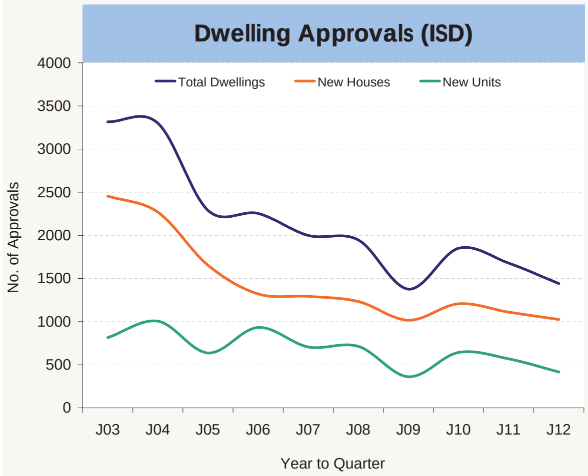
Non-Residential Building Approvals

The value of non-residential building approval throughout the Illawarra region soared during the twelve months to June 2012:

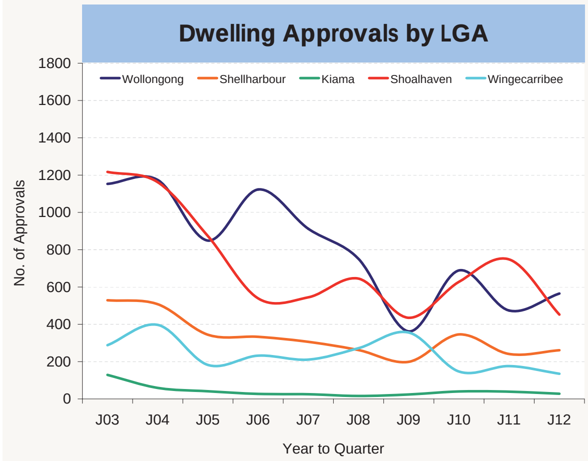
- The total value of non-residential approvals in the ISD jumped 246.4% to $552.2 Million. Private investment grew 284.7% to $450.4 Million and public investment rose 140.4% to $101.8 Million for the year to June 2012.
- The value of approvals in NSW increased by 13.4% to $6.3 Billion. Public and private building approvals strengthened by 55.1% and 4.9%, respectively.

There was growth in non-residential construction investment during the three months to June 2012:

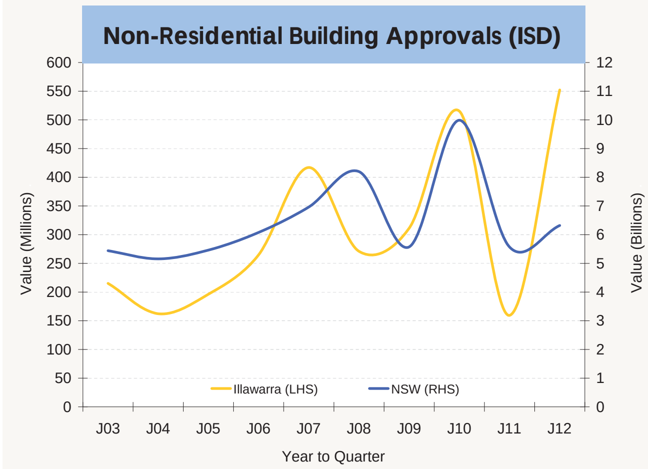
- The value of commercial approvals rose 391.0%, from $68.1 Million to $334.2 Million. Private investment improved significantly, climbing 396.7% to $319.4 Million. Public approvals were valued at $14.9 Million, a 294.6% boost.
- The Wollongong SD saw a turnaround in non-residential building approvals, which grew in value by 145.2% to $32.8 Million (up from $13.4 Million).



Source: ABS Building Approvals Statistics



Source: ABS Building Approvals Statistics



Source: ABS Building Approvals Statistics

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	C	$20.8M
	Wollongong - North Beach Bathers Pavilion	C	$11.5M
	Shellharbour - Shellharbour Hospital Non Acute Mental Health Unit	U/C	$4.8M
The University Of Wollongong	Bowral - Highlands Development (five 4 bedroom townhouses)	C	$2.0M
	Batemans Bay extension/refurbishment	C	$2.0M
	Sustainable Buildings Research Centre	U/C	$70.0M
	Student Accommodation - Kooloobong extension	U/C	$35.4M
	Building 19 refurbishment	U/C	$4.0M
Roads and Maritime Services	Gerringong - Princes Hwy upgrade between Mount Pleasant and Toolijooa Rd	U/C	$310.0M
	South Nowra - Upgrade of the Princes Hwy from Kinghorne St to Forest Rd	U/C	$62.0M
	Picton Road - Road Safety Strategy - a range of projects to upgrade the 27kms of Picton Rd	U/C	$43.5M
	Figtree - Major intersection improvements on the Princes Highway	U/C	$15.0M
Department of Housing	Towradgi - 17 dwellings - seniors housing (1-5 Sturdee Street)	C	$4.5M
	Tarrawanna - 13 dwellings - general housing (8-12 Henry Street)	C	$3.3M
IRT	Unanderra - Catering Extension	U/C	$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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