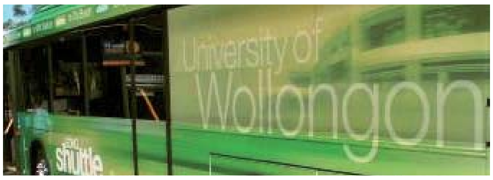
IRIS RESEARCH



Profile Illawarra

DECEMBER 2012

Highlights

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- Coal production in mines across the Illawarra recorded a 12.1% increase during the year to September 2012, with 16.7 Million tonnes of coal produced.

- The total number of jobs advertised in the region fell 18.4% during the year to September 2012 to 5,187. 3,529 full time job ads were recorded (down 8.7%) and advertisements for part time jobs declined by 33.4% to 1,652.

- Total tourist expenditure in the Wollongong SD fell 6.5% to $676.4 Million. Domestic overnight travellers spent $313.7 Million in the region (a 0.8% dip), and international visitors recorded $85.2 Million of expenditure, down 36.9%. Daytrip expenditure totalled $277.5 Million (up 2.0%).

Annual State of the Region

- 3,468 house sales
- 1,487 unit sales
- 456 land lot sales
- Unemployment = 7.0%
- Youth unemployment = 14.7%
- 187,700 employed persons
- 5,187 job ads
- 16.7M tonnes of coal
- 20.8M tonnes of exports
- 10.6M tonnes of imports
- 2.6M domestic visitor nights
- Tourist spending = $676.4M

- International visitors spent 1.2 Million nights in the WSD, a 25.2% reduction since the previous year. Domestic overnight visitors stayed 2.6 Million nights, a gain of 4.2%.

- The average yearly unemployment rate increased 0.4% pts to 7.0%, while the youth unemployment rate recovered by 1.1% pts to 14.7%.

- The WSD median house price fell 0.5% to $432,000, while the median unit price weakened by 5.2% to $330,000 and the median land price was 14.0% lower at $245,000 during the year to September 2012.

- House sales dipped 1.1% to 3,468 and unit sales fell 4.8% to 1,487. A total of 456 land lots were sold, down 9.9%.

- Exports at Port Kembla increased 1.5% from the year to September 2011 result of 20.5 Million to 20.8 Million. Import tonnage contracted by 22.0% to 10.6 Million tonnes.

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Trade

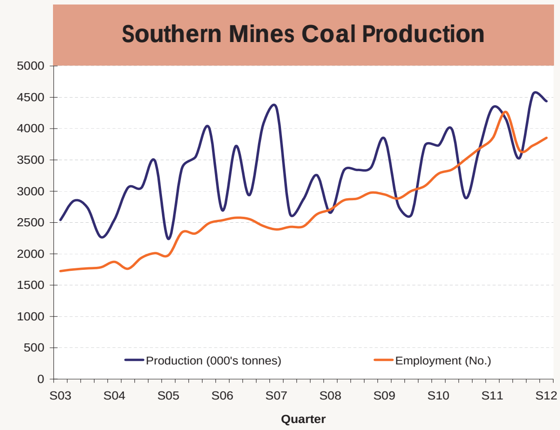
Southern Mines Coal Production

Year to September 2012 figures were promising for coal production in the Illawarra:

- 16.7 Million tonnes of coal was produced in Southern Mines, a 12.1% increase on the previous year result of 14.9 Million.
- Average employment rose 7.8% to 3,876, while productivity improved 3.9% to 4.3 Thousand tonnes per employee.

During the three months to September 2012, there was growth in the number of employees at Southern Mines:

- Employment grew 3.3% to 3,853 persons.
- There was a 2.4% weakening in the production of coal, to 4.4 Million tonnes and productivity waned, with 1.2 Thousand tonnes produced per person, a 5.5% fall.



Source: Coal Services

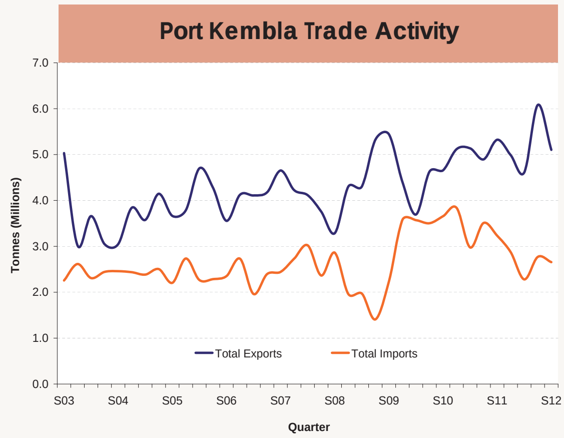
Port Kembla Trade

Port Kembla felt mixed changes during the year to September 2012:

- 20.8 Million tonnes of exports were recorded, up 1.5% from the year to September 2011 result of 20.5 Million.
- Overseas exports saw a 4.2% increase, while interstate and intrastate decreased over this period, by 27.9% and 3.5% respectively.
- Import tonnage contracted by 22.0% to 10.6 Million tonnes, down from 13.6 Million tonnes recorded in the previous 12 months.

There was a fall in the volume of trade activity during the September quarter:

- Exports shrank by 16.1% to 5.1 Million tonnes, compared to the record high June quarter result of 6.1 Million tonnes.
- The volume of imports equated to 2.7 Million tonnes, a 4.1% decline on the previous quarter.
- Overseas assembled passenger motor cars made up 40.6% of total imports at 1.1 Million tonnes.



Source: Port Kembla Port Corporation

Consumer Sentiment & Business Conditions

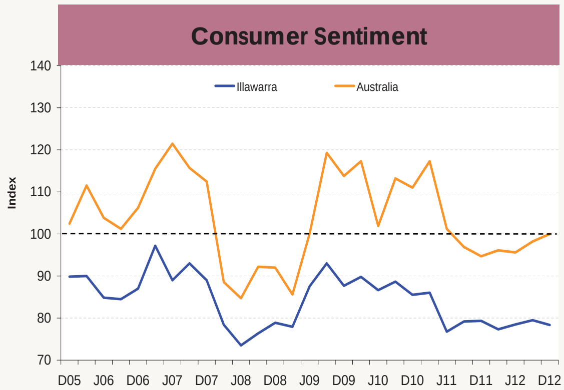
Consumer Sentiment

During the lead up to Christmas, local consumer confidence fell slightly in spite of a cut in interest rates. In the December 2012 quarter:

- The *Illawarra Consumer Sentiment Index* sat at 78 pts, a 1 pt dip on the September quarter result.
- This is 10 pts under the long term December quarter average, and is the lowest December quarter result recorded by IRIS.

From a national perspective, there was some improvement in consumer confidence:

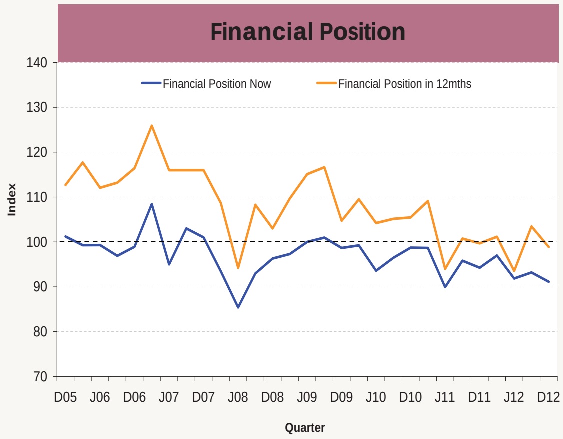
- Westpac's *Australian Consumer Sentiment Index* grew 2 pts to finish at the key index level of 100 pts.
- This result, however, falls 6 pts short of the long term December quarter average of 106 pts.



Financial Position

The perceived financial position of local households saw a decline over the three months to December 2012:

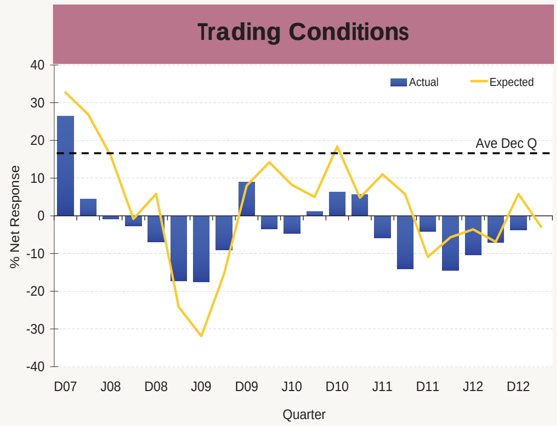
- The *Current Financial Position Index* was 2 pts weaker (at 91 pts), 8 pts under the long term December quarter average of 99 pts.
- The *Future Financial Position Index* saw a less favourable result over the three months to December 2012, losing 5 pts to 99 pts, the lowest December quarter result recorded by IRIS.
- This result was 12 pts under the average level of 111 pts for a December quarter.



Trading Conditions

Fewer businesses in the Illawarra reported weaker trading activity during the three months to December 2012:

- The *Trading Conditions Index* improved by 3.3% pts, with a net 3.7% of businesses experiencing slower trading activity. This is 20.2% pts below the long term December quarter average.
- Businesses expect to see a slight improvement for the March 2013 quarter, with a net 2.9% predicting poorer trading conditions, 0.8% pts stronger than the current quarter.
- Looking at results in terms of organisational size, trading conditions improved by 7.3% pts for small businesses, as a net 6.5% of firms experienced slower trade activity. Medium sized businesses saw an 8.2% pt decrease in the *Trading Conditions Index* (to a net 6.3%), while large firms in the Illawarra saw no change in this index during the December quarter, remaining flat at a net 0.0%.



Labour Market

Labour Market Statistics

The labour market in the Illawarra Statistical District had mixed changes during the year to September 2012:

» An average of 187,700 persons were employed, which is a decrease of 2.8% compared to the year to September 2011 and the yearly participation rate worsened by 1.9% pts to 55.3% (down from 57.3%).

» During the same period, the local yearly unemployment rate increased 0.4% pts to 7.0%, however the youth unemployment rate recovered by 1.1% pts to 14.7% (from 15.8%).

» There was an average of 6,196 people receiving unemployment benefits, a 1.2% fall on the previous year's result of 6,273.

Participation in the labour market increased during the September quarter for the labour market:

» The average participation rate for the three months to September saw a 1.1% pt gain to 56.9% while there was a 1.6% rise in the persons employed in the Illawarra to 192,000, up from 188,900.

» At the same time, the average quarterly unemployment rate was 7.8% (up 0.5% pts).

» The youth unemployment rate also increased, jumping 4.9% pts to 17.8% during the September quarter.

» Meanwhile, the number of persons receiving unemployment benefits in the region lifted slightly from 6,176 to 6,200, 0.4% up on the June 2012 quarter result.

ISD Labour Market Statistics	Yr to S11 (Ave.)	Yr to S12 (Ave.)
Employment (000's)	193.2	187.7
Unemployment Rate (%)	6.6	7.0
Participation Rate (%)	57.3	55.3
Youth Unemployment Rate (%)	15.8	14.7
Unemp. Benefit Recipients (No.)	6273	6196

Source: ABS Labour Force Survey

ISD Labour Market Statistics	J11 Qtr (Ave.)	S12 Qtr (Ave.)
Employment (000's)	188.9	192.0
Unemployment Rate (%)	7.3	7.8
Participation Rate (%)	55.9	56.9
Youth Unemployment Rate (%)	12.8	17.8
Unemp. Benefit Recipients (No.)	6176	6200

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 September 2012 saw a decline:

» A total of 5,187 jobs were advertised in the region, a 18.4% drop on the previous year result.

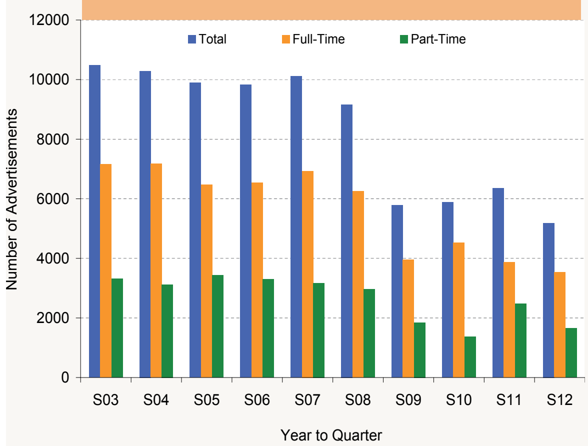
» 3,529 full time job ads were recorded, down 8.7%, while 1,652 part time jobs were advertised in the region, down 33.4% on the year to September 2011.

The total number of job ads advertised for across the Wollongong SD during the September quarter was weaker:

» 1,116 jobs were advertised, a 22.4% dip on the previous three months. This was impacted by a 28.8% fall in the number of full time jobs advertised.

» During the same period, part time advertisements rose 4.6% from 411 to 430.

Volume of Job Advertisements



Source: IRIS/The Saturday Edition of the Illawarra Mercury

Tourism

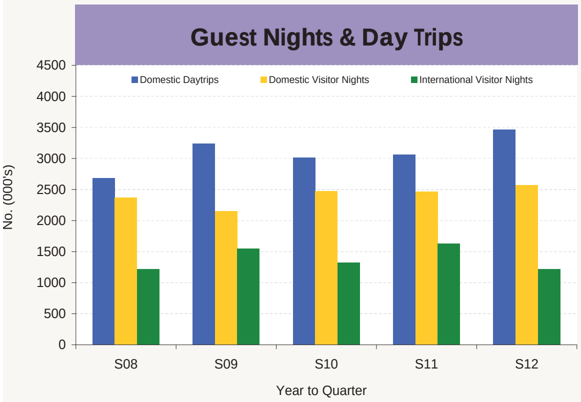
Tourism Activity (WSD)

Domestic daytrips to the Wollongong Statistical District (WSD) increased during the year to September 2012, according to figures from Destination NSW:

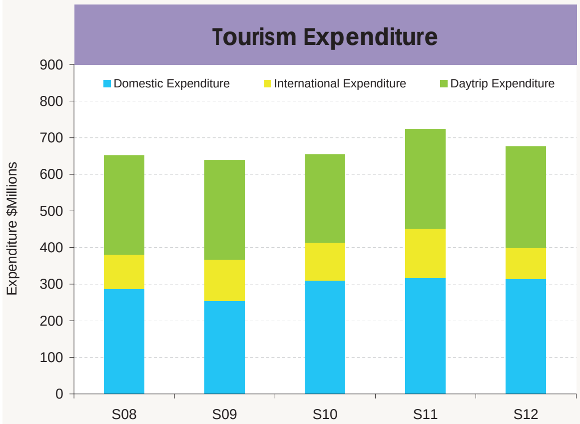
- There was a 13.1% jump in the number of domestic daytrips compared to the year to September 2011, to 3.5 Million.
- Domestic overnight visitors to the region grew by 7.2% to 999,000, while the number of nights these travellers stayed rose 4.2% to 2.6 Million.
- The number of international visitors to the WSD declined by 13.6% to 51,000. These visitors spent 1.2 Million nights in the region, a 25.2% fall on the previous year.

Total tourist expenditure in the WSD saw a downturn during the year to September 2012:

- Domestic overnight travellers spent $122 on average per night, with expenditure totalling $313.7 Million for this group, a 0.8% dip.
- Total expenditure by international visitors decreased by 36.9% to $85.2 Million, with these travellers spending $70 per night on average (down 15.6%).
- $80 was spent on average per daytrip to the WSD, with daytrip expenditure totalling $277.5 Million during the year to September 2012 (up 2.0%).
- Total tourist expenditure in the Wollongong SD fell by 6.5% to $676.4 Million, down from $723.3 Million in the previous year.



Source: Destination NSW (2012), Travel To Illawarra



Source: Destination NSW (2012), Travel To Illawarra

The September quarter 2012 release of Tourist Accommodation data is the third 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: September Qtr 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	477	14.4	3,461	24.4	4,714	6,337	385,187
Wollongong	14	636	1,780	37.5	37,314	63.8	25,071	61,384	5,430,070
Shellharbour - Flinders	3	79	200	28.9	3,466	47.7	2,838	5,309	382,681
Kiama	5	183	445	42.4	8,918	53.0	8,526	17,369	1,359,185
Kiama Hinterland - Gerringong	4	143	411	24.1	4,490	34.1	6,355	9,099	614,125
Wollongong SD	36	NP	NP	NP	NP	NP	NP	NP	NP
Berry - Kangaroo Valley	4	120	457	13.6	2,998	27.2	3,777	5,730	499,030
Huskisson - Vincentia	4	96	283	22.3	3,043	34.5	4,112	5,817	375,266
Nowra	8	234	689	29.7	11,713	54.4	10,190	18,832	1,318,863
Ulladulla	9	191	678	22.5	7,385	42.0	7,385	14,010	1,278,684
Bowral	9	273	642	38.2	13,938	55.5	15,855	22,588	2,192,805
Mittagong	5	153	381	31.5	7,684	54.6	7,611	11,029	1,028,123
Illawarra SD	84	NP	NP	NP	NP	NP	NP	NP	NP

Note: NP = Not provided

Source: ABS Survey of Tourist Accommodation

Property

Property Market (WSD)

For the year to September 2012, median property prices across the Wollongong Statistical District (WSD) deteriorated:

- The WSD median house price fell 0.5% to $432,000, with 3,468 sales (down 1.1%). The median unit price weakened 5.2% to $330,000, with 1,487 unit sales, while the median land price was 14.0% lower at $245,000. In this region, 456 land lots were sold (down 9.9%).
- In terms of median house prices, Shellharbour LGA and Kiama LGA saw mild increases of 0.8% and 0.4% to $383,000 and $547,000 respectively. At the same time, Wollongong LGA's median house price fell 3.3% to $435,000 and sales were down 1.3% to 2,232.
- The median unit price fell 3.4% in Wollongong LGA, to $338,000, Shellharbour LGA's median unit price weakened 6.1% to $299,475 and Kiama LGA recorded a 6.8% dip to $353,500.
- Shellharbour LGA recorded an increase in the sales volume of land, with an 8.1% rise to 201, the median price was $250,000 (down 5.7%). Median land prices decreased by 32.5% to $232,250 in Wollongong LGA and by 1.4% to $270,750 in Kiama.

During the three months to September:

- The median house price in the WSD deteriorated 6.7% to $420,000, with 869 sales recorded. There were decreases in Wollongong LGA to $420,000 (down 6.7%), Shellharbour to $360,000 (down 12.0%) and Kiama to $540,000 (down 4.8%).
- Looking at median land prices, the WSD saw a 10.9% rise to $255,000, with 81 sales. Wollongong LGA was up 3.7% to $240,875. Kiama sat at $275,000 (up 6.6%) and Shellharbour was up 18.9% to $267,500.
- The median unit price in the WSD fell 0.4% to $328,750, with 372 sales (up 20.8%). Wollongong, Shellharbour and Kiama LGAs all recorded decreases in the median unit price.

MEDIAN PROPERTY VALUES	Year to Sep 11 ($)	Year to Sep 12 ($)	Yearly Change (%)
HOUSES			
Wollongong Statistical District	434,000	432,000	*-0.5*
Wollongong LGA	450,000	435,000	*-3.3*
Shellharbour LGA	380,000	383,000	*0.8*
Kiama LGA	545,000	547,000	*0.4*
UNITS/TOWNHOUSES			
Wollongong Statistical District	348,000	330,000	*-5.2*
Wollongong LGA	350,000	338,000	*-3.4*
Shellharbour LGA	319,000	299,475	*-6.1*
Kiama LGA	379,386	353,500	*-6.8*
LAND			
Wollongong Statistical District	285,000	245,000	*-14.0*
Wollongong LGA	344,000	232,250	*-32.5*
Shellharbour LGA	265,000	250,000	*-5.7*
Kiama LGA	274,500	270,750	*-1.4*

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

Rental Market

Weekly rental listings advertised increased during the past 12 months:

- There was a 37.5% increase in the number of houses available for rent, up from 24 to 33, while unit listings were up 24.5% to 61.
- The median advertised weekly rental price remained unchanged for houses, at $400, and grew slightly for units, up 3.3% to $310.

Looking at quarterly results for the Wollongong Statistical District:

- The average number of weekly property listings improved 21.4% for houses (to 34), and 28.3% for units (to 68).
- The median advertised rental price for houses stayed at $400, while median rental prices for units dipped 3.1% to $310 from the $320 reported last quarter.

RENTAL MARKET VALUES	Year to Sep 11 ($)	Year to Sep 12 ($)	Yearly Change (%)
HOUSES			
Median Weekly Rental ($)	400	400	*0.0*
Average Weekly Listings (No.)	24	33	*37.5*
UNITS - 1 Bedroom			
Median Weekly Rental ($)	200	220	*10.0*
Average Weekly Listings (No.)	9	11	*22.2*
UNITS - 2 Bedroom			
Median Weekly Rental ($)	300	300	*0.0*
Average Weekly Listings (No.)	26	33	*26.9*
UNITS - Total			
Median Weekly Rental ($)	300	310	*3.3*
Average Weekly Listings (No.)	49	61	*24.5*

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

Building Approvals

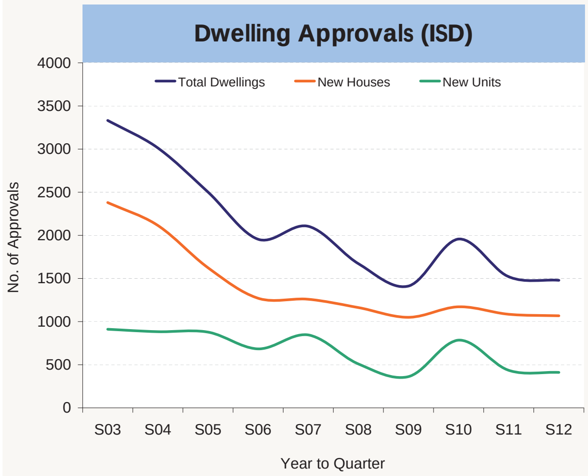
Dwelling Approvals

There was a fall in the volume of dwelling approvals across the Illawarra Statistical District (ISD) during the twelve months to September 2012:

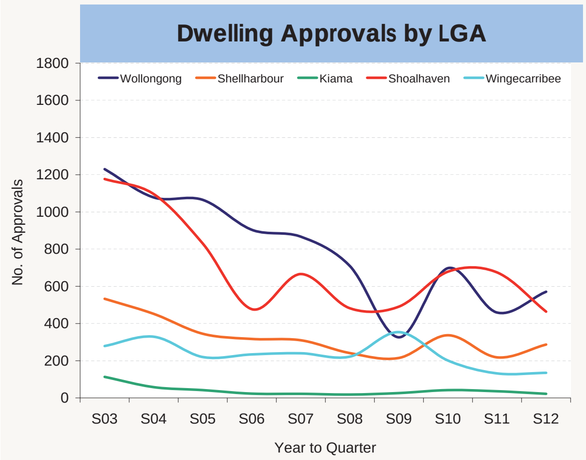
- 1,479 dwellings were approved, a 2.7% drop compared to the year to September 2011 result of 1,520. The number of unit approvals weakened 5.5% to 411, while house approvals fell 1.6% to 1,068.
- Both Kiama LGA (down 38.9%) and Shoalhaven LGA (down 31.3%) saw declines in yearly approval numbers to 22 and 464 respectively.
- Approvals increased by 24.4% in Wollongong LGA and by 31.7% in Shellharbour LGA. Wingecarribee recorded 135 approvals, up 2.3% on the previous year result of 132.

During the three months to September:

- The number of dwelling approvals in the ISD decreased by 9.9% to 347. Unit approvals sat at 72, down 40.5% on a strong June quarter result of 121 and house approvals improved 4.2% to 275.
- Dwelling approvals fell 27.9% to 98 in Wollongong LGA and 26.5% to 72 in Shellharbour, while approvals in Kiama were flat at 2.
- There were 136 dwellings approved in Shoalhaven, a 13.3% increase on the June quarter, while the Wingecarribee LGA recorded a 34.5% rise in approvals, to 39.



Source: ABS Building Approvals Statistics



Source: ABS Building Approvals Statistics

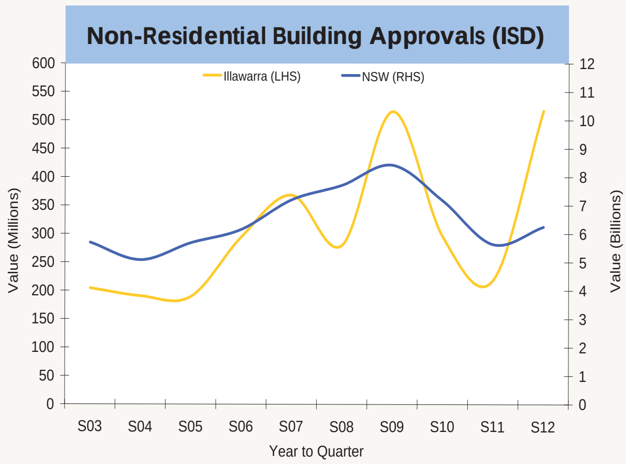
Non-Residential Building Approvals

The total value of non-residential building approvals increased substantially during the year to September 2012:

- Non-residential approval values in the ISD soared from $218.5 Million to $516.9 Million, up 136.6%. Private investment grew 242.4% to $468.2 Million, while public investment declined by 40.4% to $48.7 Million.
- The value of NSW approvals climbed 10.9% to $6.2 Billion, up from $5.6 Billion in the year to September 2011. Both public investment and private investment increased, ascending 13.9% to $1.3 Billion and 10.1% to $5.0 Billion respectively.

There was a decline in the value of new non-residential construction investment approvals during the three months to September 2012:

- The ISD saw a fall in the value of non-residential approvals to $73.1 Million, down 78.1% from a strong June result of $334.2 Million. Private investment dwindled to $73.1 Million (down by 77.1%) and no public approvals were recorded.
- Non-residential building approvals across the WSD slumped to $48.2 Million, down 85.3% on the June quarter result.



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
GPT	Wollongong - West Keira Development	U/C	$200.0M
IRT	Unanderra - Catering Extension	C	$1.8M
Metronode	Unanderra - Construction of data storage facility	A	$27.0M
NSW Public Works	Wollongong - WIN Stadium Western Grandstand	C	$20.8M
	Shellharbour - Shellharbour Hospital Non Acute Mental Health Unit	U/C	$4.8M
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
UnitingCare Ageing	Shellharbour City Centre - Senior Living Development	Lodged	$119.0M
The University Of Wollongong	Student Accommodation - Kooloobong extension	C	$35.4M
	Sustainable Buildings Research Centre	U/C	$70.0M
	Building 19 refurbishment	U/C	$4.0M
	Innovation Campus - Demolition of causeway structure and construction of road bridge	U/C	$3.3M
Roads and Maritime Services	Figtree - Major intersection improvements on the Princes Highway	C	$15.0M
	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
Stockland	Shellharbour City Centre - Shellharbour Square Expansion	U/C	$300.0M
Warrigal Care	Shell Cove - 128 bed aged care facility and 98 independent living units	A	$60.0M
Wollongong LGA	Wollongong - Construction of an 8 storey building and underground carpark	A	$14.2M
	Wollongong - Alterations and additions to the existing Woolworths carpark, store entry modification	A	$7.3M

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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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