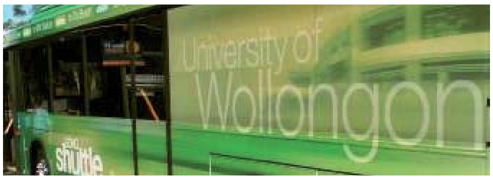
IRIS RESEARCH




# Profile Illawarra

JUNE 2013

## Highlights

» A total of 16.2 Million tonnes of coal was produced at Southern Mines during the twelve months to March 2013, representing a 3.2% increase from the previous year.

» The volume of advertisements for jobs in the region fell 19.9% during the year to March, to 4,574. Full time job advertisements declined by 21.4% to 3,015, while ads for part time jobs weakened by 18.4% to 1,548.

» Domestic overnight visitors spent 2.6% fewer nights in the Wollongong SD, at 2.4 Million nights, while international visitors spent a total of 1.2 Million nights in the WSD, falling 2.8% from the year to March 2012.

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### Annual State of the Region

- 2,921 house sales
- 1,639 unit sales
- 351 land lot sales
- Unemployment = 7.4%
- Youth unemployment = 13.8%
- 193,500 employed persons
- 4,574 job ads
- 16.2M tonnes of coal
- 20.0M tonnes of exports
- 10.3M tonnes of imports
- 2.4M domestic visitor nights
- Tourist spending = $699.5M

» Tourist expenditure strengthened, as visitors to the WSD spent a total of $699.5 Million during the year to March 2013 (up 1.7%). Daytrip expenditure grew 13.9% to $315.1 Million. However spending by international visitors fell 14.7% to $88.8 Million and domestic overnight expenditure weakened by 3.7% to $295.6 Million.

» There was a 1.0% pt rise in the average yearly unemployment rate to 7.4%, while the average youth unemployment rate improved to 13.8% (down 1.4% pts).

» The median house price for the Wollongong SD was up 1.4% to $436,000 with 2,921 sales (down 13.4%) and the median unit price grew 4.3% to $343,000 with 1,639 sales (up 9.5%). The median land price fell 9.1% to $250,000 during the year to March 2013, with 351 land lots sold (down 6.6%).

» Export tonnage rose 1.0% to 20.0 Million tonnes at Port Kembla, while imports weakened by 13.1% to 10.3 Million tonnes.

University of Wollongong

wollongong
city of innovation



Contact: (02) 4285 4446

# Trade

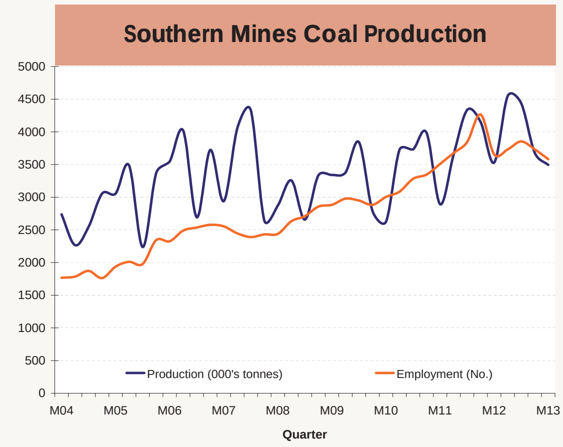
## Southern Mines Coal Production

Coal production in the Illawarra increased slightly during the year to March 2013:

- A total of 16.2 Million tonnes of coal was produced, up 3.2% on the previous year result of 15.7 Million tonnes.
- There was a 3.5% decline in average employment to 3,724 persons. Productivity improved to 4.3 Thousand tonnes per employee over the twelve months to March, up 6.9%.

During the March quarter:

- Coal production contracted by 5.0% to 3.5 Million tonnes, down from 3.7 Million tonnes.
- Employment decreased to 3,581 persons, a 4.0% reduction. At the same time, productivity was constant at 1.0 Thousand tonnes per person.




*Source: Coal Services*

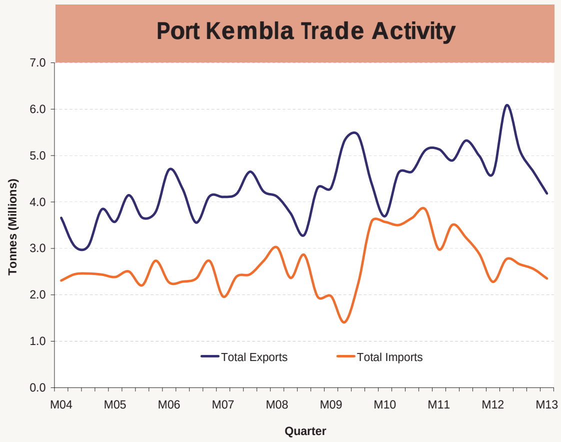
## Port Kembla Trade

Import tonnage weakened during the twelve months to March:

- Imports decreased by 13.1% to 10.3 Million tonnes, down from 11.9 Million tonnes recorded in the year to March 2012.
- Export levels rose slightly from 19.8 Million tonnes to 20.0 Million tonnes, representing a 1.0% increase on the previous year.
- Overseas and intrastate exports grew by 3.8% and 15.0% respectively, while interstate exports contracted by 34.0%.
- 69.4% of total exports consisted of overseas bulk coal.

Trade activity at Port Kembla slowed over the March quarter:

- There was a 10.0% decline in exports to 4.2 Million tonnes.
- Total import tonnage decreased to 2.4 Million tonnes, a 8.1% reduction when compared to the December 2012 quarter result of 2.6 Million tonnes.
- Overseas assembled passenger motor cars comprised 47.4% of total imports, at 1.1 Million tonnes.




*Source: Port Kembla Operations*

# Consumer Sentiment & Business Conditions

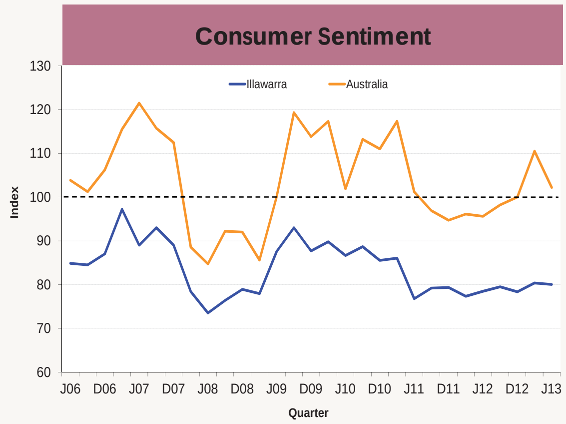
## Consumer Sentiment

Consumer confidence across the Illawarra region remained unchanged during the June 2013 quarter:

- There was no change in the *Illawarra Consumer Sentiment Index*, holding steady at 80 pts.
- This result is 7 pts below the long term June quarter average of 87 pts.

Looking at consumer confidence from a national persective:

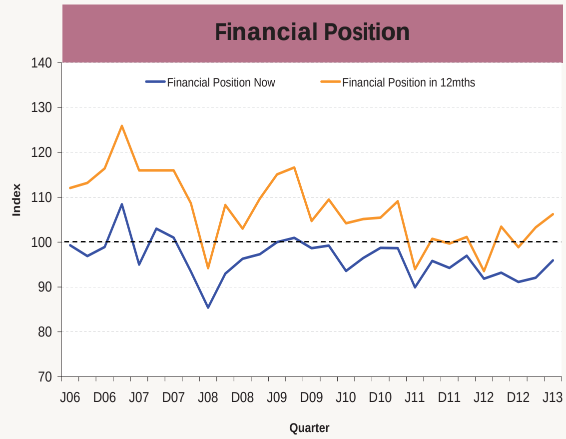
- There was an 8 pt decrease in Westpac's *Australian Consumer Sentiment Index* to 102 pts, compared to the strong March result.
- This result is 3 pts shy of the long term June average level of 105 pts.




## Financial Position

Illawarra households felt an improvement in their relative financial position over the three months to June:

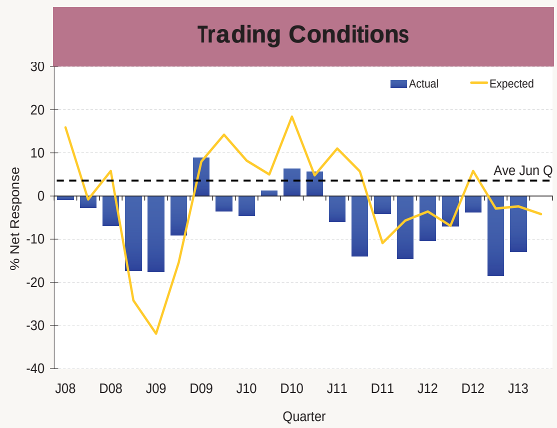
- The *Current Financial Position Index* grew to 96 pts, an increase of 4 pts. This result is on par with the long term June quarter average.
- The outlook for family finances improved during the June quarter with the *Future Financial Position Index* climbing 3 pts (to 106 pts) since the March quarter.
- The long term June average *Future Financial Position Index* is 2 pts higher compared to the current result of 108 pts.




## Trading Conditions

Fewer Illawarra businesses reported slower trading activity during the June quarter:

- The *Trading Conditions Index* improved by 5.6% pts since the March quarter, as a net 12.9% of businesses experienced weaker sales activity. This is 16.3% pts under the long term June quarter average.
- A net 4.2% of Illawarra firms expect to encounter poorer trading activity during the September 2013 quarter, 15.4% pts weaker than the long term September expectation average.
- Looking at trading conditions based on firm size, a net 17.6% of small businesses experienced poorer trading conditions, a slight improvement of 1.1% pts. Medium sized firms reported a recovery as the *Trading Conditions Index* ascended by 33.7% pts. A net 25.0% of large firms experienced worse trade activity, with a similar proportion expecting further deterioration during the upcoming June quarter.



# Labour Market

## Labour Market Statistics

Participation in the Illawarra labour market increased during the year to March 2013:

- The average yearly participation rate recorded a rise of 1.3% pts to 57.0% for the region. At the same time, an average of 193,500 persons were employed across the Illawarra SD, a 2.0% increase on the year to March 2012 result of 189,600 persons.
- The average annual unemployment rate in the Illawarra Statistical District (ISD) climbed 1.0% pt from 6.4% to 7.4%.
- Meanwhile, the average youth unemployment rate improved by 1.4% pts to 13.8%, down from 15.2% in the previous year.
- On average, 6,562 persons received unemployment benefits, which is a 7.1% increase on the year to March 2012. This was influenced by a change to payments which transferred Parenting Payment recipients to Newstart Allowance.

The March quarter showed mixed results for the Illawarra SD:

- The average number of persons employed weakened by 1.5% to 194,900, at the same time, the participation rate for the ISD decreased by 0.7% pts to 57.3%.
- The quarterly average unemployment rate was up by 0.7% pts, sitting at 7.7% during the March quarter.
- An average of 7,490 persons received unemployment benefits across the district during the March quarter, a rise of 17.4%. Again, the March quarter figures were impacted by a change to payments which transferred Parenting Payment recipients to Newstart Allowance.

| ISD Labour Market Statistics | Yr to M12 (Ave.) | Yr to M13 (Ave.) |
|---|---|---|
| Employment (000's) | 189.6 | 193.5 |
| Unemployment Rate (%) | 6.4 | 7.4 |
| Participation Rate (%) | 55.8 | 57.0 |
| Youth Unemployment Rate (%) | 15.2 | 13.8 |
| Unemp. Benefit Recipients (No.) | 6128 | 6562 |

*Source: ABS Labour Force Survey*

| ISD Labour Market Statistics | D12 Qtr (Ave.) | M13 Qtr (Ave.) |
|---|---|---|
| Employment (000's) | 197.9 | 194.9 |
| Unemployment Rate (%) | 6.9 | 7.7 |
| Participation Rate (%) | 58.0 | 57.3 |
| Youth Unemployment Rate (%) | 8.8 | 15.9 |
| Unemp. Benefit Recipients (No.) | 6382 | 7490 |

*Source: ABS Labour Force Survey*

*Note: Unemployment Benefit Recipients - On 1 January 2013, grandfathering provisions ceased for Parenting Payment recipients who had been receiving payment prior to 1 July 2006 and had a youngest child aged 6+ years (partnered recipients) or 8+ years (single recipients). The change caused a large one-off increase in the number of Newstart Allowees, as previously grandfathered Parenting Payment recipients, who were eligible, transferred to Newstart Allowance.*

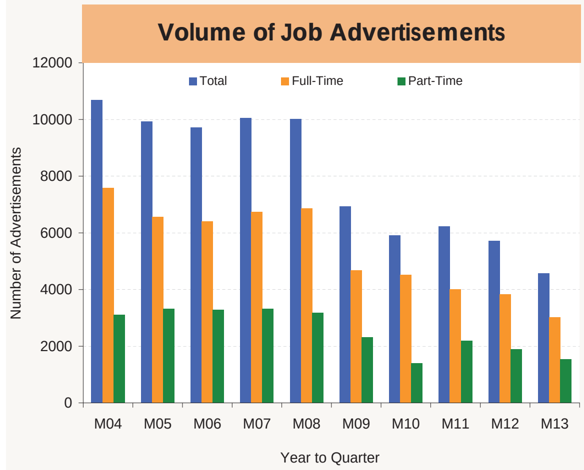
## Job Advertisements

The volume of advertisements for jobs in the Wollongong SD, published in the Saturday edition of the Illawarra Mercury, continued to deteriorate during the year to March 2013:

- There were a total of 4,574 jobs advertised in the Illawarra region, a fall of 19.9% from 5,713 in the previous twelve months.
- Advertisements for full time positions decreased by 21.4% to 3,015, while the number of part time advertisements contracted by 18.4% to 1,548.

Results for the March quarter showed similar changes:

- The total number of jobs advertised in the region sat at 957, the first quarter ever recorded by IRIS with a result of fewer than 1,000 advertisements.
- 627 full time jobs were advertised, an 11.3% decline on the three months to December. At the same time, the volume of part time advertisements fell by 4.2% to 346.




*Source: IRIS/The Saturday Edition of the Illawarra Mercury*

# Tourism

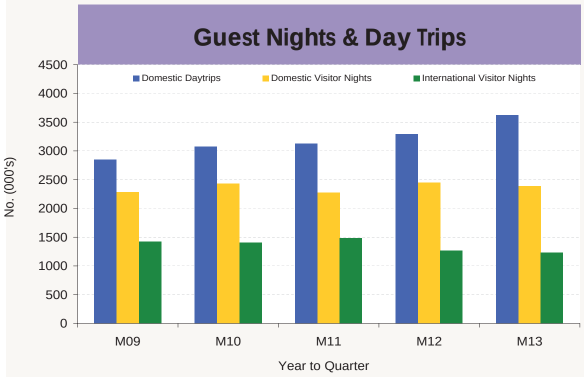
## Tourism Activity (WSD)

According to Destination NSW, visitor numbers to the Wollongong SD increased during the year to March 2013:

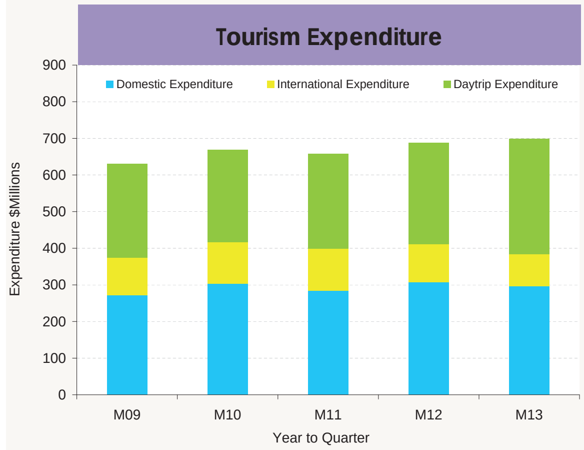
- There was a 3.4% lift in the volume of domestic overnight visitors to the WSD to 1.0 Million. These travellers spent 2.6% fewer nights in the region, at 2.4 Million nights.
- Domestic daytrips to the WSD rose 10.0% to 3.6 Million, up from 3.5 Million recorded during the year to March 2012.
- 1.2 Million visitor nights (down 2.8%) were spent in the WSD by a total of 55,000 international travellers (up 10.2%) during the twelve months to March.

The larger number of domestic daytrippers helped to slightly strengthen total tourist expenditure during the twelve months to March:

- Tourism expenditure in the WSD totalled $699.5 Million, a 1.7% rise on the previous year result of $687.7 Million.
- An average of $87 was spent per daytrip to the WSD by domestic daytrip travellers (up 3.6%), with daytrip expenditure totalling $315.1 Million during the year to March 2013 (up 13.9%).
- On average, domestic overnight travellers spent $124 per night (down 1.1%), as expenditure dipped by 3.7% to $295.6 Million for this group.
- International visitors spent a total of $88.8 Million, a decrease of 14.7% compared to the year to March 2012, with these travellers spending $72 per night on average (down 12.2%).




*Source: Destination NSW (2013), Travel To Illawarra*




*Source: Destination NSW (2013), Travel To Illawarra*

The March quarter 2013 release of Tourist Accommodation data is the fifth 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 Qtr 2013 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 | 152 | 488 | 17.4 | 3,809 | 27.8 | 5,057 | 7,633 | 460,570 |
| Wollongong | 17 | 885 | 2,409 | 41.3 | 51,813 | 65.1 | 36,936 | 89,623 | 8,184,472 |
| Shellharbour - Flinders | 3 | 78 | 213 | 31.9 | 2,911 | 41.5 | 3,244 | 6,114 | 429,783 |
| Kiama | 5 | 183 | 465 | 60.5 | 11,899 | 72.2 | 11,783 | 25,328 | 2,098,534 |
| Kiama Hinterland - Gerringong | 4 | 143 | 413 | 38.4 | 6,568 | 51.0 | 6,910 | 14,269 | 884,911 |
| Wollongong SD | 32 | NP | NP | NP | NP | NP | NP | NP | NP |
| Berry - Kangaroo Valley | 4 | 113 | 413 | 23.8 | 4,091 | 40.2 | 5,948 | 8,831 | 725,838 |
| Huskisson - Vincentia | 4 | 97 | 290 | 46.0 | 6,167 | 70.6 | 7,984 | 12,000 | 906,507 |
| Nowra | 8 | 233 | 670 | 38.5 | 13,898 | 66.3 | 13,701 | 23,202 | 1,554,207 |
| Ulladulla | 9 | 190 | 563 | 43.1 | 10,945 | 64.0 | 10,999 | 21,821 | 2,264,311 |
| Bowral | 9 | 273 | 649 | 34.1 | 11,156 | 45.4 | 12,173 | 19,928 | 1,764,182 |
| Mittagong | 5 | 153 | 367 | 30.9 | 6,623 | 48.1 | 7,130 | 10,216 | 822,274 |
| Illawarra SD | 71 | NP | NP | NP | NP | NP | NP | NP | NP |

*Note: NP = Not provided*

*Source: ABS Survey of Tourist Accommodation*

# Property

## Property Market (WSD)

Median prices for dwellings across the WSD grew slightly while median land prices weakened during the year to March 2013:

- For the WSD, the median house price climbed 1.4% to $436,000, with 2,921 sales (down 13.4%). 1,639 unit sales (up 9.5%) were recorded as the median unit price rose by 4.3% to $343,000. Meanwhile, 351 land lots were sold (down 6.6%) as the median land price fell to $250,000, 9.1% lower than the previous year's result.
- In Wollongong LGA, there was a 0.8% rise in the median house price (to $440,000), however sales were down 14.6% to 1,861. The median unit price was $345,000 (up 3.8%) and the median land price decreased by 14.3% to $230,000.
- Shellharbour LGA recorded a median house price of $387,500 (up 2.0%), with 727 sales, the median unit price was stable at $305,000 and the median land price was down 7.4% to $250,000.
- Kiama LGA saw the median land price decrease to $270,000, a fall of 6.7%. The median house price was constant at $550,000 and the median unit price recorded a 4.7% rise to $375,000.

The three months to March saw mixed changes in the property market:

- 843 house sales were recorded in the WSD, as the median house price rose by 2.2% to $455,000. There were decreases in Wollongong LGA to $450,000 (down 1.1%) and Kiama to $555,000 (down 0.9%). Shellharbour's median house price strengthened by 3.3% to $410,000.
- The median unit price in the WSD during the March quarter was $348,250, down 1.9% with 402 sales. The median price dipped in Wollongong LGA to $346,000 (down 3.1%), lifted 8.6% in Kiama to $410,000 and gained 3.5% to $319,950 in Shellharbour.
- In terms of median land prices, WSD waned by 4.4% to $243,750, Kiama was up 17.3% to $302,000, while Wollongong LGA fell by 1.5% to $226,500 and Shellharbour slumped by 17.6% to $230,000.

| MEDIAN PROPERTY VALUES | Year to Mar 12 ($) | Year to Mar 13 ($) | Yearly Change (%) |
|---|---|---|---|
| **HOUSES** | | | |
| Wollongong Statistical District | 430,000 | 436,000 | *1.4* |
| Wollongong LGA | 436,600 | 440,000 | *0.8* |
| Shellharbour LGA | 380,000 | 387,500 | *2.0* |
| Kiama LGA | 550,000 | 550,000 | *0.0* |
| **UNITS/TOWNHOUSES** | | | |
| Wollongong Statistical District | 329,000 | 343,000 | *4.3* |
| Wollongong LGA | 332,500 | 345,000 | *3.8* |
| Shellharbour LGA | 305,000 | 305,000 | *0.0* |
| Kiama LGA | 358,000 | 375,000 | *4.7* |
| **LAND** | | | |
| Wollongong Statistical District | 275,000 | 250,000 | *-9.1* |
| Wollongong LGA | 268,500 | 230,000 | *-14.3* |
| Shellharbour LGA | 270,000 | 250,000 | *-7.4* |
| Kiama LGA | 289,500 | 270,000 | *-6.7* |

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

## Rental Market

The twelve months to March saw mixed changes for the rental market:

- On average, there were 28 houses advertised per week in the WSD (down 9.7%). Rental listings for units dipped 1.8% to 56 per week.
- The median weekly rental price for houses was constant at $400, while the median weekly unit price recorded an increase of 6.7%, to $320.

Looking at the rental market for the first quarter of 2013:

- Weekly rental listings, on average, saw a 12.5% lift to 27 for houses, and weakened by 14.5% for units to 47 per week.
- The average median rental price for houses and units increased to $410 (up 2.5%) and $310 (up 2.6%) respectively.

| RENTAL MARKET VALUES | Year to Mar 12 | Year to Mar 13 | Yearly Change (%) |
|---|---|---|---|
| **HOUSES** | | | |
| Median Weekly Rental ($) | 400 | 400 | *0.0* |
| Average Weekly Listings (No.) | 31 | 28 | *-9.7* |
| **UNITS - 1 Bedroom** | | | |
| Median Weekly Rental ($) | 210 | 220 | *4.8* |
| Average Weekly Listings (No.) | 10 | 10 | *0.0* |
| **UNITS - 2 Bedroom** | | | |
| Median Weekly Rental ($) | 300 | 320 | *6.7* |
| Average Weekly Listings (No.) | 29 | 32 | *10.3* |
| **UNITS - Total** | | | |
| Median Weekly Rental ($) | 300 | 320 | *6.7* |
| Average Weekly Listings (No.) | 57 | 56 | *-1.8* |

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

# Building Approvals

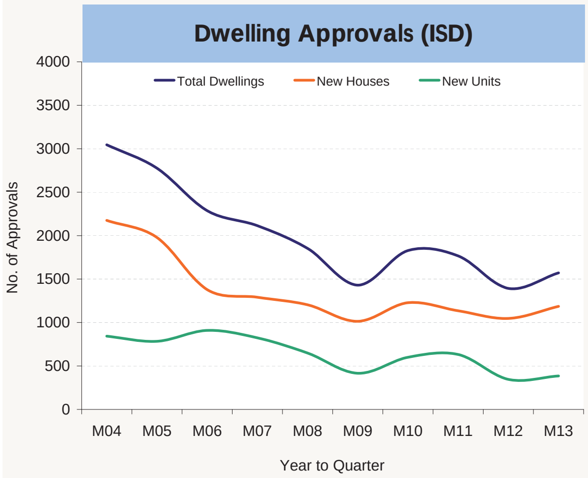
## Dwelling Approvals

The total number of dwellings approved across the Illawarra Statistical District (ISD) increased during the year to March 2013:

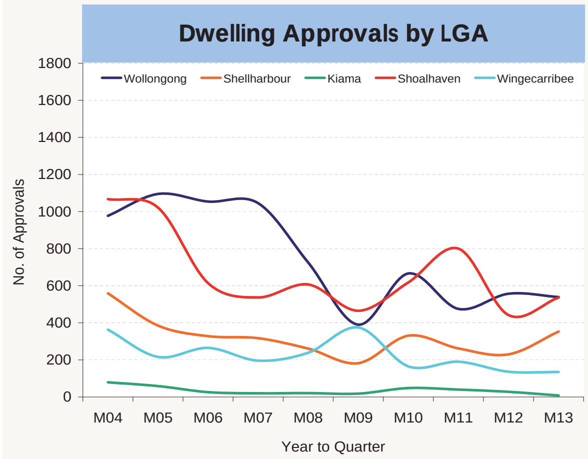
- 1,571 dwellings were approved in the ISD, a 12.8% lift compared to the twelve months to March 2012. House approvals totalled 1,186, a 13.3% rise, while unit approvals strengthened by 11.3% to 385.
- Wollongong LGA recorded a 3.2% dip in approvals to 539. At the same time, there were 8 approvals in Kiama LGA (down 71.4%) and Wingecarribee saw approvals decline slightly to 135 (down 0.7%).
- Approvals ascended by 53.5% to 353 in Shellharbour LGA and climbed 21.3% to 536 in Shoalhaven LGA.

Dwelling approvals strengthened during the March 2013 quarter:

- Residential approvals grew 26.1% in the Illawarra SD, to 468. House approvals increased from 274 to 373, a gain of 36.1%. Unit approvals, however, waned 2.1% to 95.
- There were increases in Wollongong LGA (up 99.0% to 203) and Shellharbour LGA (up 37.7% to 106).
- Kiama LGA again recorded 2 approvals, remaining on par with the December 2012 quarter.
- Meanwhile, 30 dwellings were approved in Wingecarribee LGA, down 18.9%, and approvals were down 17.0% in Shoalhaven (to 127).




*Source: ABS Building Approvals Statistics*




*Source: ABS Building Approvals Statistics*

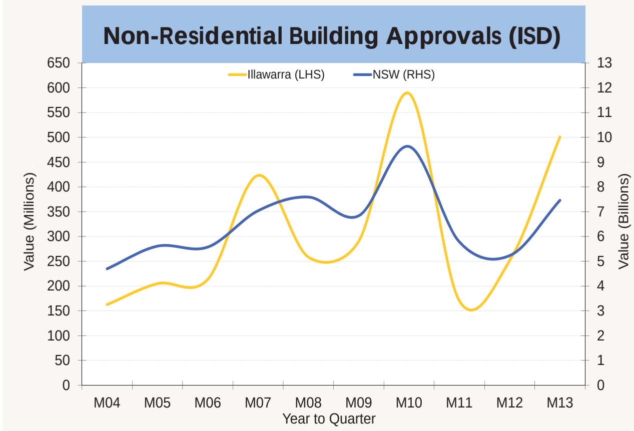
## Non-Residential Building Approvals

The total value of non-residential construction approvals improved during the year to March 2013:

- Across the ISD, the value of non-residential approvals surged 99.5% to $500.9 Million. There was growth of 196.4% in the private sector, to $472.8 Million. However, public investment declined by 69.4% to $28.1 Million.
- During this period, commercial building approvals in NSW were valued at $7.5 Billion, up 42.7% compared to the previous year.

The first three months of 2013 saw the total value of non-residential building approvals in the ISD decline:

- Non-residential approvals slumped to $29.8 Million, dropping 53.2% from the December result of $63.7 Million. Breaking this result down, private investment sat at $26.4 Million, a 50.9% decline, and public approvals were down by 65.7% to $3.4 Million.
- Looking at NSW for the first quarter of 2013, the value of approvals rose from $1.5 Billion to $2.2 Billion, up 40.9%. Both public and private investment increased during this period, by 45.0% to $499.6 Million and to $1.7 Billion (up 39.7%) respectively.




*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 |
| **Illawarra Area Health Service** | Shoalhaven - Regional Cancer Centre | C | $34.2M |
| | Wollongong - Cancer Centre extension | C | $15.4M |
| | Wollongong - Elective Surgery Centre ED and Abulatory Care | U/C | $106.1M |
| | Wollongong - New multi-storey car park | Lodged | $27.8M |
| **IRT** | Tarrawanna - IRT Care Centre | U/C | $18.0M |
| **Metronode** | Unanderra - Construction of data storage facility | A | $27.0M |
| **NSW Public Works** | St Georges Basin - St Georges Basin Public School, new classroom and covered ways | A | $1.0M |
| **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 |
| **UnitingCare Ageing** | Shellharbour City Centre - Senior Living Development | Lodged | $119.0M |
| **The University Of Wollongong** | Sustainable Buildings Research Centre | C | $17.2M |
| | Early Start Building | U/C | $30.3M |
| | Building 19 refurbishment | U/C | $4.0M |
| **Roads and Maritime Services** | Gerringong - Princes Hwy upgrade between Mount Pleasant and Toolijooa Rd | U/C | $329.0M |
| | 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 | $50.0M |
| **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 - Demolition of existing building and construction of a multi-storey building | A | $29.9M |

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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.

## Disclaimer