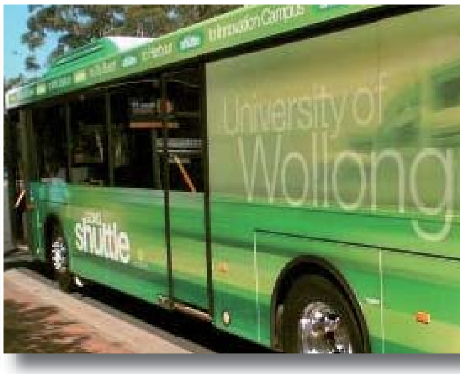
IRIS RESEARCH

Insight for Business & Government

SEPTEMBER 2013

PROFILE ILLAWARRA



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Highlights

- In yearly terms, the volume of local job advertisements published in the Illawarra Mercury recorded a substantial decrease of 30.1%, to 3,905. The number of full time positions advertised deteriorated by 32.8%, while ads for part time positions declined by 22.5%.
- The average yearly unemployment rate for the Illawarra SD worsened to 8.0% and youth unemployment climbed to an average of 14.8% for the year to June 2013.
- For the year to June, coal production for mines across the Illawarra dipped by 3.0% to 16.1 Million, while productivity was up by 1.2% to 4.3 Thousand tonnes per employee.
- Trade activity at Port Kembla Harbour slowed during the year to June as import levels declined by 10.1% to 10.0 Million tonnes and export levels fell by 11.3% to 18.6 Million tonnes.
- The *Trading Conditions Index* improved by 3.3% pts during the September quarter as a net 9.6% of business experienced weaker trading activity.
- Across the Wollongong Statistical District, total tourism expenditure increased by 1.6% (to $707.7 Million in the year to June 2013) as domestic visitors spent more on average per day.
- Fewer properties were sold in the Wollongong SD, with houses (down 7.2% to 3,394), units (down 18.0% to 2,250) and land (down 24.2% to 529) encountering a downturn during the year to June. At the same time, there was a 1.2% increase in the median house price (to $435,000), while the median price for flats, units and townhouses rose by 3.0% to $345,000 and the median land price rose to $255,000, up by 4.0%.
- The median weekly rental price was 2.4% weaker at $400 per week during the year to June, while the median unit price saw a 10.0% lift to $330 during this period.
- A total of 1,703 dwellings were approved in the Illawarra SD, up 18.2% from 1,441 approvals in the year to June 2012. This increase was brought about through a 30.3% boost in the number of houses approved, to 1,336.
- In the Illawarra SD, the value of non-residential building approvals decreased by 53.4% to $257.1 Million during the twelve months to June. Results for the June quarter were positive with the value of approvals rising by 203.5% to $90.5 Million.

Coal, Trade & Business Conditions

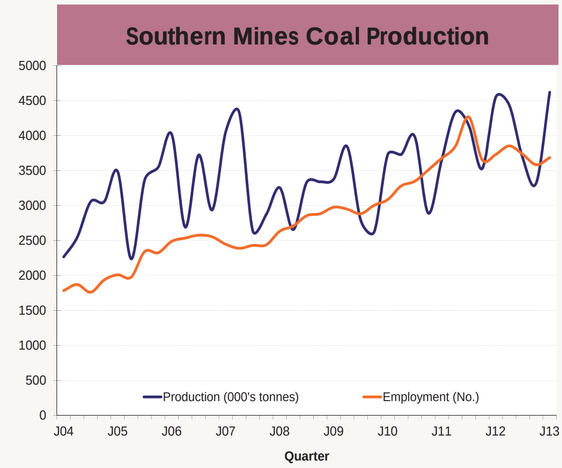
Southern Mines Coal Production

The latest figures from Southern Mines have shown that coal production decreased slightly during the year to June 2013:

- Coal production dipped by 3.0% to 16.1 Million, down on the previous year result of 16.6 Million tonnes, while average employment decreased by 4.1% to 3,713 persons.
- Productivity lifted however, by 1.2% to 4.3 Thousand tonnes per employee over the twelve months to June.

Coal production expanded during the June quarter:

- Total coal production rose by 39.0% to 4.6 Million tonnes.
- Employment climbed by 2.8% to 3,685 persons, while productivity improved to 1.3 Thousand tonnes per person, up from 0.9 Thousand tonnes per person recorded during the previous quarter.



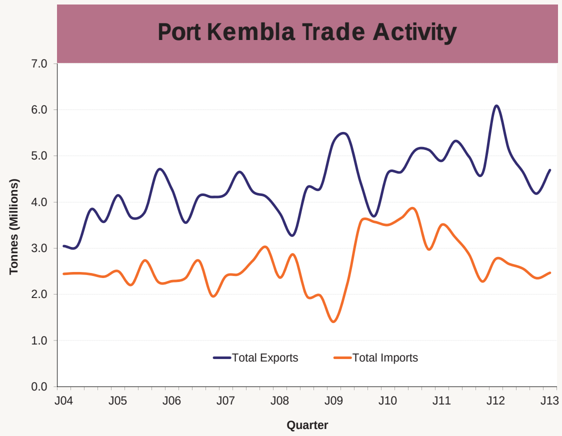
Port Kembla Trade

Trade activity weakened during the twelve months to June:

- Imports levels declined from 11.2 Million tonnes to 10.0 Million tonnes, a decrease of 10.1% compared to the previous year.
- There was a fall of 11.3% in export tonnage, deteriorating from 21.0 Million tonnes to 18.6 Million tonnes.
- Overseas and interstate exports decreased by 9.8% and 33.1% respectively, while intrastate exports climbed by 2.3%.

Quarterly results for Port Kembla were more upbeat:

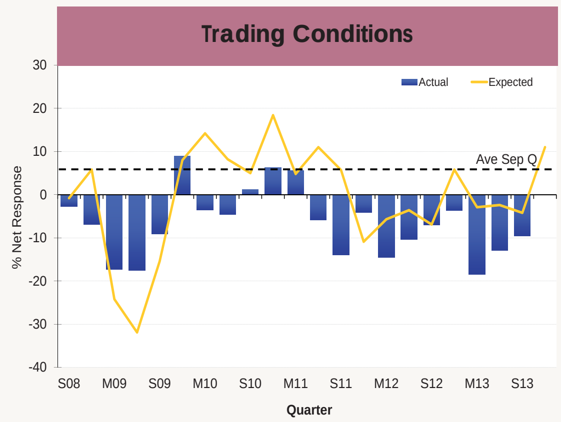
- 2.5 Million tonnes of imports were recorded, a 4.9% improvement when compared to the March 2013 quarter result of 2.4 Million tonnes.
- Meanwhile, total exports rose by 12.2% to 4.7 Million tonnes.



Trading Conditions

The *Trading Conditions Index* improved during the September quarter:

- A net 9.6% of businesses experienced weaker sales activity, down by 3.3% pts when compared to the previous three months. This is 15.5% pts under the long term September quarter average.
- Better trading activity is expected by a net 11.0% of Illawarra firms for the December 2013 quarter, up 15.2% pts compared to the expectations for Septrmber.
- In terms of business size, poorer trading conditions were experienced by a net 9.6% of small businesses, down 8.0% pts. At the same time, the *Trading Conditions Index* for medium sized firms lost 19.2% pts after a recovery during the June quarter, while a net 14.3% of large firms experienced worsened trade activity, a 10.7% improvement.



Labour Market

Labour Market Statistics

The average rate of unemployment was higher during the twelve months to June 2013:

- There was a 1.3% pt increase (to 8.0%) in the average annual unemployment rate across the Illawarra Statistical District (ISD), rising from 6.7% during the previous year.
- The average youth unemployment rate rose by 0.5% pts from 14.3% to 14.8%.
- 194,400 persons, on average, were employed across the Illawarra SD, up by 3.5% from 187,800 reported during the year to June 2012. Meanwhile, the average yearly participation rate in the Illawarra SD climbed by 1.9% pts to 57.2%.
- An 11.6% lift was seen in the number of persons receiving unemployment benefits to an average of 6,851 persons. This rise can, in part, be attributed to a change to payments which transferred Parenting Payment recipients to Newstart Allowance.

ISD Labour market conditions deteriorated during the June quarter:

- The quarterly average unemployment rate worsened by 2.0% pts to 9.6% during the June quarter.
- On average, 192,500 persons were employed, down by 1.2%. At the same time, the participation rate for the ISD decreased by 0.7% pts to 56.6%.
- The average number of persons receiving unemployment benefits sat at 7,331 persons, a 2.1% dip when compared to the March quarter.

ISD Labour Market Statistics	Yr to J12 (Ave)	Yr to J13 (Ave.)
Employment (000's)	187.8	194.4
Unemployment Rate (%)	6.7	8.0
Participation Rate (%)	55.3	57.2
Youth Unemployment Rate (%)	14.3	14.8
Unemp. Benefit Recipients (No.)	6140	6851

Source: ABS Labour Force Survey

ISD Labour Market Statistics	M13 Qtr (Ave)	J13 Qtr (Ave)
Employment (000's)	194.9	192.5
Unemployment Rate (%)	7.7	9.6
Participation Rate (%)	57.3	56.6
Youth Unemployment Rate (%)	15.9	16.5
Unemp. Benefit Recipients (No.)	7490	7331

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.

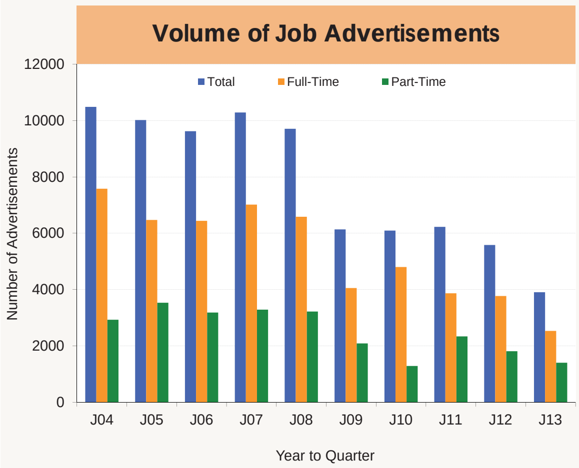
Job Advertisements

The number of local job advertisements published in the Saturday edition of the Illawarra Mercury declined substantially during the year to June 2013:

- A total of 3,905 jobs were advertised in the Illawarra region, decreasing by 30.1% when compared to the year to June 2012 result of 5,583.
- There was a 32.8% decline in the quantity of advertisements for full time positions, to 2,532, while the number of part time advertisements deteriorated by 22.5% to 1,402.

The June quarter saw a similar downturn:

- Across the Wollongong SD, a total of 769 jobs were advertised, contracting by 19.6% when compared to the previous quarter.
- Looking at the type of employment, 499 full time jobs were advertised, down 20.4% on the previous quarter, while 265 part time positions were advertised, falling by 23.4% from 346.



Source: IRIS/The Saturday Edition of the Illawarra Mercury

Tourism

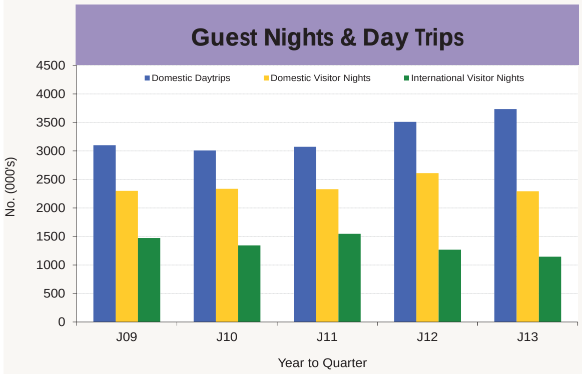
Tourism Activity (WSD)

The number of visitors to the Wollongong SD fell slightly during the year to June according to the latest figures from Destination NSW:

- A total of 943,000 domestic overnight travellers visited the WSD, down 8.1%. 10.1% fewer nights were spent in the region by these travellers, at 2.3 Million nights.
- The volume of domestic daytrips to the WSD increased by 6.4% to 3.7 Million, up from 3.5 Million recorded during the previous year.
- 56.000 international travellers (up 16.7%) spent a total of 1.1 Million visitor nights (down 9.7%) in the WSD during the twelve months to June 2013.

Tourism expenditure increased slightly during the twelve months to June as domestic visitors to the WSD spent more on average per day:

- Tourism expenditure in the Wollongong SD totalled $707.7 Million, a 1.6% gain on the year to June 2012 result of $696.4 Million.
- On average, domestic daytrip travellers spent $87 per daytrip to the WSD, up 3.5%, with expenditure totalling $324.9 Million during the year to June 2013 (up 10.1%) for this group.
- Domestic overnight travellers spent an average of $128 per night (up 5.8%), while total expenditure for these visitors decreased to $293.5 Million, a fall of 5.0%.
- Total expenditure by international travellers was 3.5% weaker at $89.3 Million. At the same time, these visitors spent $78 per night on average (up 6.8%).



Source: Destination NSW (2013), Travel To Illawarra

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The June quarter 2013 release of Tourist Accommodation data is the sixth 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 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	481	13.2	3,396	24.6	4,129	5,761	370,225
Wollongong	17	896	2,417	30.9	44,172	54.2	31,544	68,028	6,498,960
Shellharbour - Flinders	3	78	216	20.9	2,710	38.2	2,022	4,111	298,618
Kiama	5	182	441	41.8	8,785	53.0	8,446	16,759	1,329,632
Kiama Hinterland - Gerringong	4	143	413	28.3	4,978	38.3	5,173	10,639	898,416
Wollongong SD	32	NP	NP	NP	NP	NP	NP	NP	NP
Berry - Kangaroo Valley	4	110	344	25.7	3,562	35.6	4,162	8,040	605,288
Huskisson - Vincentia	4	97	290	25.0	3,411	38.6	4,613	6,605	444,308
Nowra	8	234	686	29.9	11,775	55.3	11,277	18,687	1,277,550
Ulladulla	9	189	661	24.0	7,486	43.5	8,331	14,436	1,286,614
Bowral	8	256	611	33.8	11,370	48.8	11,035	18,819	1,911,075
Mittagong	5	152	407	28.0	7,289	52.7	7,124	10,376	1,007,804
Illawarra SD	70	NP	NP	NP	NP	NP	NP	NP	NP

Note: NP = Not provided

Source: ABS Survey of Tourist Accommodation

Property

Property Market (WSD)

The WSD encountered mixed changes in the property market during the year to June 2013:

- The WSD encountered a marginal increase (up 1.2%) to $435,000 in the median house price, with 3,394 sales (down 7.2%). At the same time, the median unit price rose by 3.0% to $345,000 with 18.0% fewer sales (to 2,250). Meanwhile, the median land price rose to $255,000, up 4.0%, as 529 land lots were sold (down 24.2%) in the region.
- There was a 2.3% rise in Wollongong LGA's median house price, to $445,000. The median unit price advanced 1.5% to $345,000 and the median land price strengthened by 7.4% to $247,000.
- The median house price rose by 1.4% in Shellharbour LGA to $389,000 with 841 sales, while increases in the median price were also seen in units, up 4.3% to $315,000 and land, up 2.0% to $255,000.
- In Kiama LGA, there was a 1.7% boost (to $552,500) in the median house price. The median price for units saw a 4.9% rise (to $375,500) while the median land price decreased $275,000, down 1.8%.

For the three months to June:

- The WSD recorded a median house price of $430,000 (down 4.8%) with 859 house sales. There were also decreases in Wollongong LGA to $445,000 (down 3.3%), Kiama to $570,000 (down 0.3%) and Shellharbour to $390,000 (down 4.9%).
- 456 unit sales were reported in the WSD, as the median price slipped 1.4% to $349,950. Wollongong LGA saw growth in the median unit price, at $351,200 (up 0.3%) and $345,000 (up 3.0%) in Shellharbour, however Kiama's median unit price declined by 3.7% to $395,000.
- WSD's median land price progressed by 11.8% to $265,000, Wollongong LGA climbed by 20.6% to $272,250, Shellharbour rose by 13.3% to $255,000 and Kiama was down 8.0% to $345,000.

MEDIAN PROPERTY VALUES	Year to Jun 12 ($)	Year to Jun 13 ($)	Yearly Change (%)
HOUSES			
Wollongong Statistical District	430,000	435,000	*1.2*
Wollongong LGA	435,000	445,000	*2.3*
Shellharbour LGA	383,500	389,000	*1.4*
Kiama LGA	543,500	552,500	*1.7*
UNITS/TOWNHOUSES			
Wollongong Statistical District	335,000	345,000	*3.0*
Wollongong LGA	340,000	345,000	*1.5*
Shellharbour LGA	302,000	315,000	*4.3*
Kiama LGA	358,000	375,500	*4.9*
LAND			
Wollongong Statistical District	245,250	255,000	*4.0*
Wollongong LGA	230,000	247,000	*7.4*
Shellharbour LGA	250,000	255,000	*2.0*
Kiama LGA	280,000	275,000	*-1.8*

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

Rental Market

The median price for units rose during the year to June 2013:

- The median advertised weekly rental price increased by 10.0% to $330 for flats, units and townhouses and weakened to $400 (down 2.4%) for houses.
- There was an average of 29 houses advertised per week in the WSD, down 6.5%, however, listing for units rose to 58 per week, up 1.8%

The volume of rental listings strengthened over the June quarter:

- An average of 32 houses were advertised during the June quarter, up 18.5%, while weekly rental listings for units saw an 31.9% lift to 62.
- The average median rental price saw no change at $400 for houses and rose to $330 for units (up 6.5%).

RENTAL MARKET VALUES	Year to Jun 12	Year to Jun 13	Yearly Change (%)
HOUSES			
Median Weekly Rental ($)	410	400	*-2.4*
Average Weekly Listings (No.)	31	29	*-6.5*
UNITS - 1 Bedroom			
Median Weekly Rental ($)	210	225	*7.1*
Average Weekly Listings (No.)	10	11	*10.0*
UNITS - 2 Bedroom			
Median Weekly Rental ($)	300	330	*10.0*
Average Weekly Listings (No.)	30	33	*10.0*
UNITS - Total			
Median Weekly Rental ($)	300	330	*10.0*
Average Weekly Listings (No.)	57	58	*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) strengthened during the twelve months to June 2013:

- A total of 1,703 dwellings were approved in the ISD, up by 18.2% compared to the year to June 2012. 1,336 houses were approved (up 30.3%), while 11.8% fewer units were approved, at 367.
- The volume of approvals strengthened in Wollongong LGA, recording a 4.1% boost to 588 and Shellharbour LGA, up 43.3% to 374. At the same time, there were 15 approvals in Kiama LGA (down 46.4%).
- Across the Illawarra Balance, Wingecarribee saw an increase of 5.2% to 142 while approvals climbed to 584 in Shoalhaven, up 29.2%.

The ISD encountered mixed changes during the June quarter:

- Residential approvals were 10.5% higher in the Illawarra SD, at 517. There was growth of 11.0% in house approvals, climbing from 373 to 414 and unit approvals up by 8.4% to 103.
- Approvals in Wollongong LGA faced an 8.9% decline to 185, while Shellharbour saw a 12.3% stronger result of 119 approvals.
- Approvals rebounded in Kiama LGA to 9 approvals, up from 2 approvals reported in each of the last four quarters.
- Meanwhile, 36 dwellings were approved in Wingecarribee LGA, up 20.0%, and there were 168 approvals in Shoalhaven, up 32.3% from 127.

Non-Residential Building Approvals

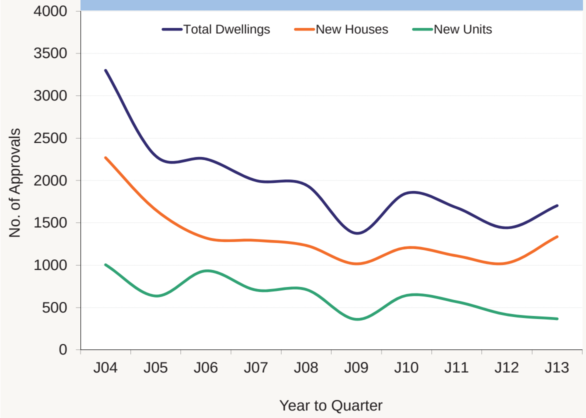
Across the ISD, the value of non-residential construction investment halved during the year to June 2013:

- The cost of non-residential approvals slumped by 53.4% to $257.1 Million, as the strong June 2012 quarter boosted the result for the previous year.
- Breaking this result down, the private sector deteriorated by 56.9% to $194.1 Million and public investment fell 38.0% to $63.1 Million.
- Conversely, commercial building approvals in NSW strengthened by 13.8% during this period, totalling $7.2 Billion.

During the three months to June:

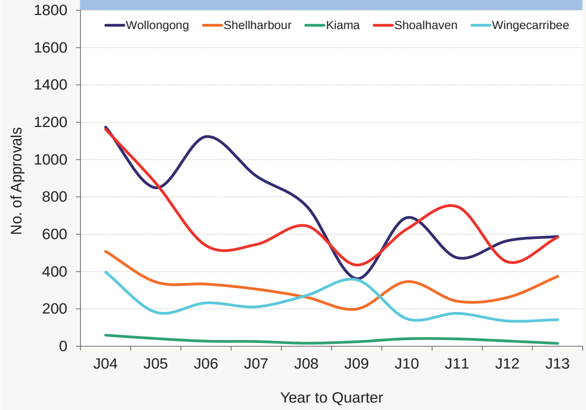
- Non-residential approvals increased by 203.5% to $90.5 Million, up from the March result of $29.8 Million. Public approvals climbed to $49.8 Million, up from $3.4 Million and private investment sat at $40.7 Million, a 53.8% rise.
- Across NSW, the value of approvals dipped by 5.0% from $2.2 Billion to $2.1 Billion. Public investment increased to $528.5 Million, up by 5.8% and private investment was 8.2% weaker, at $1.5 Billion.

Dwelling Approvals (ISD)



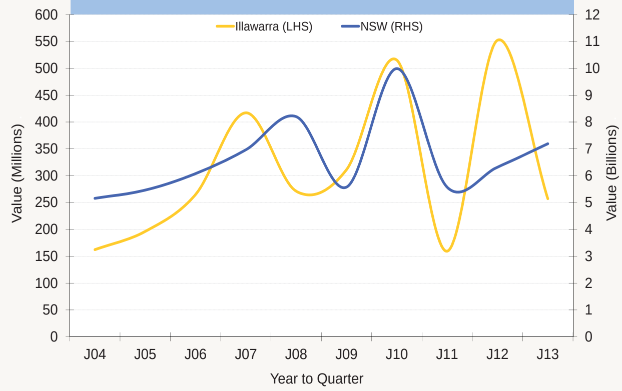
Source: ABS Building Approvals Statistics

Dwelling Approvals by LGA



Source: ABS Building Approvals Statistics

Non-Residential Building Approvals (ISD)



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 - 3 levels of retail & 3 levels of car parking	U/C	$157.0M
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	Albion Park - Fire Station	Lodged	$19.0M
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	Picton Road - Road Safety Strategy - a range of projects to upgrade the 27kms of Picton Rd	C	$53.0M
	Gerringong - Princes Hwy upgrade between Mount Pleasant and Toolijooa Rd	U/C	$329.0M
	Foxground & Berry Bypass - Princes Hwy between Toolijooa Road and Schofields Lane	On Display	$19.0M
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 - Alterations and additions to existing Wollongong Court House	A	$12.7M

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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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