



Profile Illawarra

DECEMBER 2013

Highlights

- » During the year to September 2013, tourist expenditure strengthened by 8.7% as visitors to the Wollongong Statistical District (WSD) spent a total of \$727.4 Million. This was largely due to a 24.0% lift in domestic daytrip expenditure (to \$344.2 Million).
- » Total coal production at Southern Mines declined by 9.4% in the twelve months to September, to 15.1 Million tonnes.
- » Domestic overnight visitors spent 11.2% fewer nights in the WSD, at 2.2 Million nights, while a total 1.2 Million international visitors nights were spent in the region, up by 1.7% compared to the previous year to September.

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Annual State of the Region

3,407 house sales

1,951 unit sales

592 land lot sales

Unemployment = 7.8%

Youth unemployment = 14.6%

197,000 employed persons

3,662 job ads

15.1M tonnes of coal

17.2M tonnes of exports

10.3M tonnes of imports

2.2M domestic visitor nights

Tourist spending = \$727.4M

- » The average yearly unemployment rate increased by 0.9% to 7.8% while the average youth unemployment rate (14.6%) remained in line with the previous year to September result of 14.7%.
- » Fewer properties and land lots were sold in the Wollongong SD during the year to September 2013 with units (down 29.4% to 1,951), houses (down 4.7% to 3,407) and land (down 12.0% to 592) all experiencing decreases.
- » There was a 4.0% increase in the WSD median house price (to \$447,000), while the median unit price strengthened by 6.8% to \$358,000 and the median price for land lots climbed to \$255,000.
- » Imports and exports at Port Kembla both experienced a decline during the year to September 2013 with export tonnage contracting by 17.2% to 17.2 Million tonnes and import tonnage waning to 10.3 Million tonnes, a 2.5% fall.

Southern Mines Coal Production

During the year to September 2013, total coal production contracted in the Illawarra region:

- » The total volume of coal produced was down by 9.4% from 16.7 Million tonnes to 15.1 Million tonnes. Meanwhile, average employment decreased by 7.0% to 3,604 persons.
- » There was a 2.6% decline in productivity, falling to 4.2 Thousand tonnes per employee during this period.

Less favourable coal production and employment levels were recorded in the three months to September:

- » The latest figures from Coal Services have shown overall coal production declined by 24.8% to 3.5 Million tonnes.
- » Employment levels decreased to 3,415 persons, a 7.3% reduction, while productivity dipped to 1.0 Thousand tonnes per person, down from 1.3 Thousand tonnes during the previous quarter.

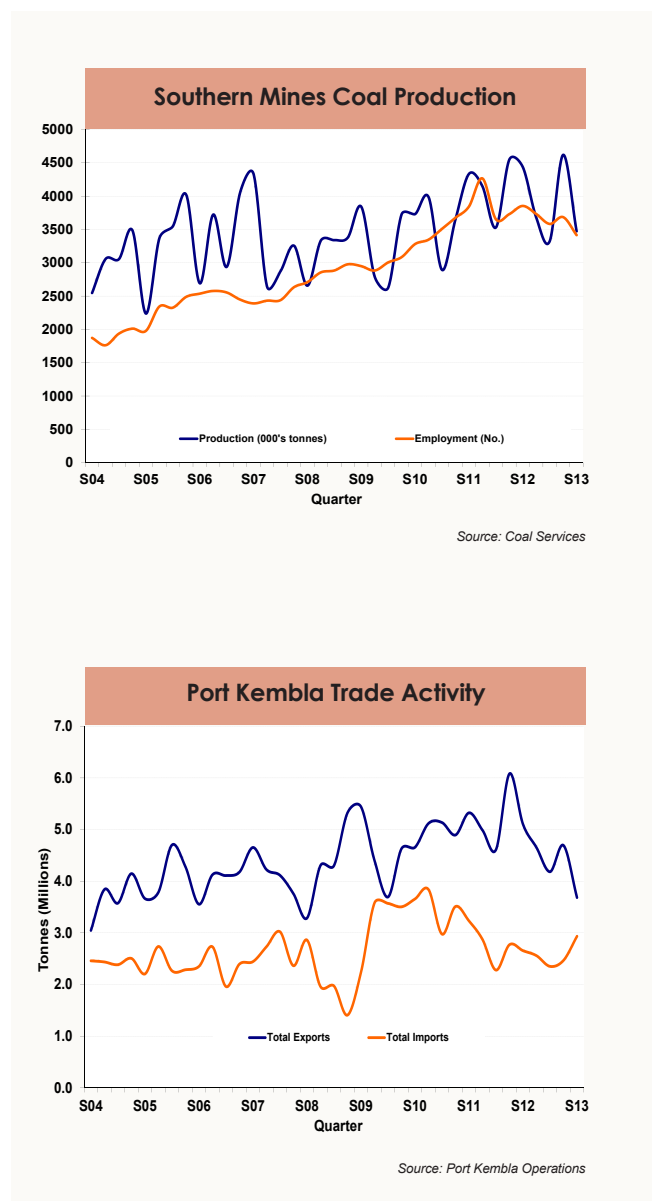
Port Kembla Trade

There was an overall decline in trade activity during the year to September 2013:

- » Import levels decreased by 2.5% to 10.3 Million tonnes. At the same time, export tonnage at Port Kembla contracted by 17.2% to 17.2 Million tonnes.

Import levels increased during the September quarter:

- » The volume of imports totalled 2.9 Million tonnes, an 18.9% rise compared to the June quarter result of 2.5 Million tonnes. Total exports fell to 3.7 Million tonnes, a 21.5% drop.
- » 41.2% of imports into Port Kembla comprised of overseas assembled passenger vehicles (1.2 Million tonnes), while 43.3% (1.3 Million tonnes) consisted of iron ore.
- » Bulk coal (80.2%) was the main export in terms of tonnage, at 3.0 Million tonnes.



Consumer Sentiment & Business Conditions



Consumer Sentiment

There was a minor increase in consumer confidence across the Illawarra region during the December quarter:

- » The *Illawarra Consumer Sentiment Index* climbed by 1 pt to 81 pts, 7 pts below the long term average for a December quarter.
- » Nationally, Wespac's *Australian Consumer Sentiment Index* rose 3 pts to 105 pts compared to the June 2013 quarter result. This is 1 pt below the long term December average of 106 pts.

In terms of purchase plans over the three months to December:

- » 39.9% of locals enjoyed recreation & travel activities, up 6.4% pts compared to the same period in 2012 and 8.2% pts above the December average. This result suggests a shift in spending from household essentials towards leisure and entertainment goods.

Financial Position

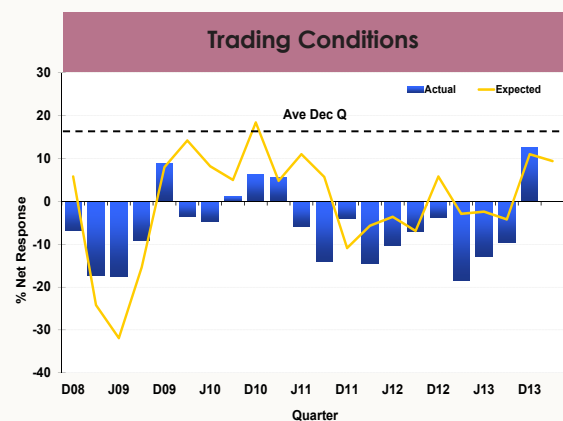
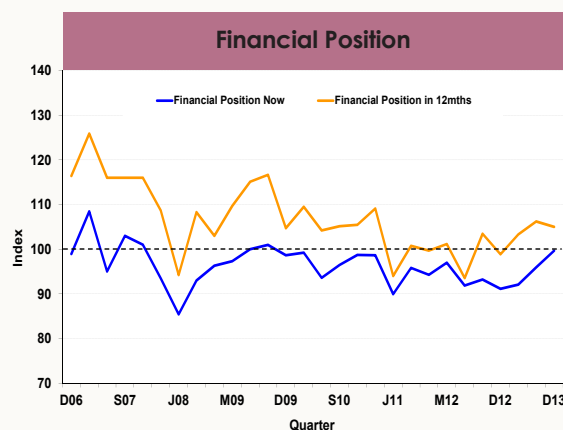
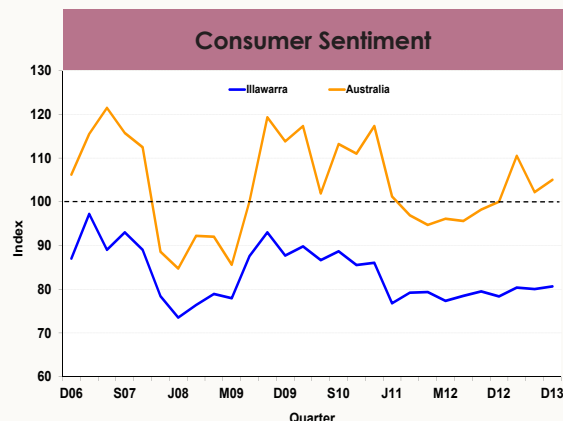
During the final quarter of 2013 there was a lift in the perceived financial position amongst Illawarra households:

- » The Current Financial Position Index climbed by 4 pts to 100 pts during the past three months, in line with the December quarter average of 99 points.
- » Looking ahead, the Future Financial Position Index sat at 105 pts, a 1 pt fall compared to the previous measure.
- » This result falls 5 pts under the long term December quarter average of 110 pts.

Trading Conditions

During the three months to December 2013, Illawarra businesses experienced improved trading conditions:

- » There was a 22.1% pt improvement in the *Trading Conditions Index*, with a net 12.5% of businesses experiencing stronger trading activity during this period. This result is 3.8% pts under the long term December quarter average.
- » A net 9.4% of local firms expect to encounter improved trading conditions over the next three months, 4.6% pts under the long term average expectation level for a March quarter.
- » Looking at trading conditions based on firm size, a net 11.5% of small firms recorded stronger sales activity, with similar conditions expected for the upcoming March quarter, while improved trading activity was experienced by a net 17.9% of medium organisations.
- » For large firms, the *Trading Conditions Index* lifted by 14.3% pts, with businesses reporting better and poorer trading activity equally, and identical conditions forecast over the next three months.



Labour Market



Labour Market Statistics

Conditions were mixed throughout the year to September for the Illawarra labour market:

- » On average, 197,000 persons were employed across the Illawarra SD, up by 5.0% from 187,700.
- » The average yearly ISD participation rate climbed to 57.7%, a 2.4% pt improvement.
- » There was a 0.9% pt increase (to 7.8%) in the average yearly unemployment rate across the region, up from 7.0% recorded during the twelve months to September 2012.
- » Meanwhile, the average youth unemployment rate (14.6%) remained in line with the previous year to September 2012 result of 14.7%.
- » On average, 7,123 locals received unemployment benefits, an increase of 15.0%. This was influenced by a change to payments which transferred Parenting Payment recipients to Newstart Allowance.

ISD labour market conditions were upbeat during the September quarter:

- » The participation rate for the ISD increased by 2.2% pts to an average of 58.8% in quarterly terms.
- » On average, 202,500 persons were employed (up 5.2%) as the unemployment rate (7.1%) improved by 2.5% pts for the three months to September 2013.
- » The number of persons receiving unemployment benefits across the region dipped by 0.6% to 7,287.

Job Advertisements

There were fewer job advertisements in the WSD in the twelve months to September 2013:

- » A total of 3,662 jobs were published in the Saturday edition of the Illawarra Mercury, a contraction of 29.4% from 5,187 reported during the year to September 2012.
- » Advertisements for both full time positions (down 33.1% to 2,361) and part-time positions (down 20.3% to 1,317) both experienced declines during this period.

The volume of job advertisements rebounded slightly during the September 2013 quarter:

- » The number of jobs advertised in the region strengthened by 13.5% to 873, largely due to a 30.2% lift in the quantity of part-time positions advertised, climbing to 345.
- » Meanwhile, 528 full-time jobs were advertised during this quarter.

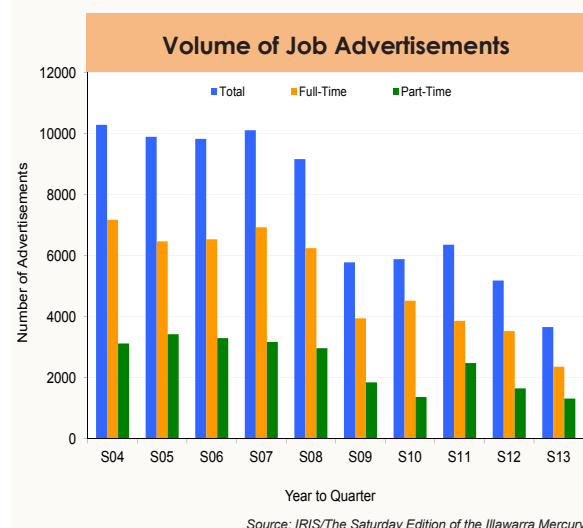
	Yr to S12 (Ave.)	Yr to S13 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	187.7	197.0
Unemployment Rate (%)	7.0	7.8
Participation Rate (%)	55.3	57.7
Youth Unemployment Rate (%)	14.7	14.6
Unemp. Benefit Recipients (No.)	6196	7123

Source: ABS Labour Force Survey

	J12 Qtr (Ave.)	S13 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	192.5	202.5
Unemployment Rate (%)	9.6	7.1
Participation Rate (%)	56.6	58.8
Youth Unemployment Rate (%)	16.5	17.0
Unemp. Benefit Recipients (No.)	7331	7287

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.



Tourism & Rental Market



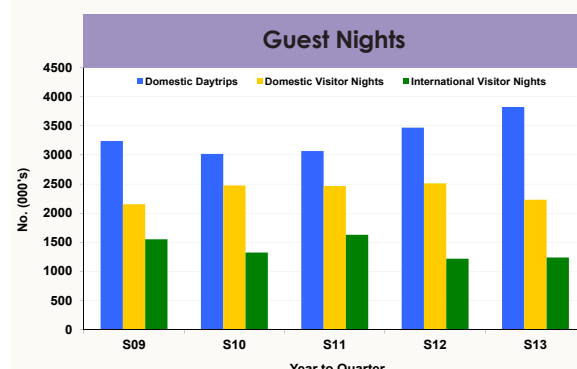
Tourism Activity (WSD)

The latest figures from Destination NSW have shown domestic overnight visitor numbers to the WSD declined during the year to September:

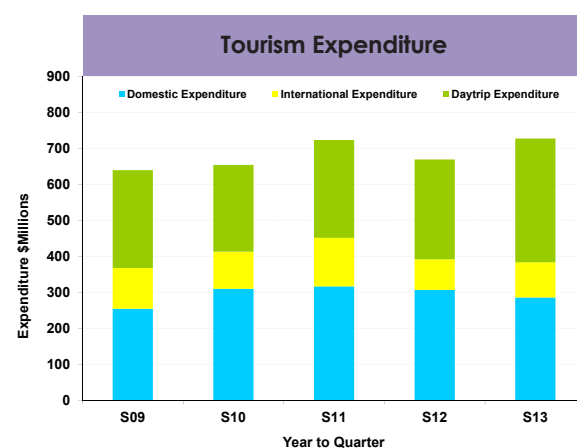
- » 935,000 domestic overnight travellers visited the region, down by 4.0%. These travellers spent 11.2% fewer nights in the region, at 2.2 Million nights.
- » Domestic daytrips to the WSD rose by 10.2% to 3.8 Million, up from 3.5 Million recorded during the year to September 2012.
- » 58,000 international travellers (up 13.7%) spent a total of 1.2 Million nights (up 1.7%) in the Wollongong Statistical District.

Total tourism expenditure strengthened during the twelve months to September:

- » Tourism expenditure to the WSD totalled \$727.4 Million, an 8.7% increase on the year to September result of \$669.2 Million.
- » Daytrip spending climbed by 24.0%, totalling \$344.2 Million during this period, with these travellers spending an average of \$90 per day (up 12.5%).
- » Domestic overnight travellers spent \$128 per night (on average). This represents a 4.9% increase on the previous year to September result. At the same time, total expenditure for this group fell by 6.9% to \$285.4 Million.
- » Expenditure by international tourists rose by 14.8% to \$97.8 Million in the twelve months to September. Meanwhile, an average of \$79 per night (up 12.9%) was spent by these visitors.



Source: Destination NSW (2013), Travel To Illawarra



Source: Destination NSW (2013), Travel To Illawarra

Rental Market

During the twelve months to September, median rental values progressed while the average volume of weekly listings contracted:

- » There were an average of 30 houses advertised per week in the WSD, down by 9.1% over the previous year to September.
- » Rental listings for units slumped by 9.8% to an average of 55 per week during this period.
- » The median weekly unit price climbed to a record high of \$330, up by 6.5% on the year to September 2012. At the same time, the median weekly rental price for houses rose by 1.3% to \$405.

For the three months to September:

- » Weekly rental listings, on average, fell by 9.7% for units (to 56), while listings for houses strengthened to 38, up 18.8%.
- » The average median rental price for houses and units remained constant with the June quarter, at \$400 and \$330 respectively.

RENTAL MARKET VALUES	Year to Sep 12	Year to Sep 13	Yearly Change (%)
HOUSES			
Median Weekly Rental (\$)	400	405	1.3
Average Weekly Listings (No.)	33	30	-9.1
UNITS - 1 Bedroom			
Median Weekly Rental (\$)	220	230	4.5
Average Weekly Listings (No.)	11	11	0.0
UNITS - 2 Bedroom			
Median Weekly Rental (\$)	300	330	10.0
Average Weekly Listings (No.)	33	30	-9.1
UNITS - Total			
Median Weekly Rental (\$)	310	330	6.5
Average Weekly Listings (No.)	61	55	-9.8

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

Property



Property Market (WSD)

Across the region, median property prices strengthened during the year to September 2013:

- » The WSD median house price rose by 4.0% to \$447,000 with a total of 3,407 sales (down 4.7%) recorded during this period. There was a 6.8% lift in the WSD median unit price (to \$358,000) with 1,951 sales recorded (down 29.4%), while 592 land lots were sold (down 12.0%) as the median land price climbed by 6.3% to \$255,000.
- » Wollongong LGA saw a 4.6% rise in the median house price (to \$455,000) as house sales dipped by 1.7% to 2,274 during the year to September. At the same time, the median price was up by 5.9% to \$360,000 for units and increased by 6.3% to \$237,000 for land.
- » Shellharbour LGA recorded a 3.2% strengthening in the median house price (to \$392,000), with 849 sales (down 4.5% from 889). The median price of land (up 3.4%) and units (up 8.7%) climbed to \$257,500 and \$325,000 respectively.
- » Kiama LGA saw the median house price grow to \$562,500 (a rise of 4.2%). Meanwhile, the median unit price recorded a 10.4% increase to \$392,000. Conversely, there was a 3.7% decline in the median price for land (to \$270,000) as 44 land lots were sold during the twelve months to September.

There were mixed changes in the property market during the three months to September 2013:

- » On par with the June quarter, 866 house sales were recorded across the WSD as the median house price climbed to \$450,000 (up 4.7%). Wollongong LGA (up 3.3%) climbed to \$458,500 with 566 sales, while the median price for houses weakened to \$380,000 in Shellharbour (a fall of 2.6%) and Kiama (down 3.5% to \$550,000).
- » The median price for flats, units and townhouses in the Wollongong SD lifted by 3.6% to \$365,000 during the September quarter. This increase was largely due to a 4.3% rise in Wollongong LGA's median unit price (to \$369,000) and a 7.0% strengthening in Kiama's median price, to \$422,500. Meanwhile, Shellharbour LGA experienced a 7.2% contraction, to \$320,000.
- » A total of 496 flats, units and townhouses were sold in the WSD, up 9.3% compared to the June quarter. Wollongong LGA (up 11.2% to 407) and Kiama (up 36.8% to 26) saw an upsurge in the volume of properties sold, while 8.7% fewer units were sold in Shellharbour, to 63.
- » In terms of median land prices, WSD decreased by 3.8% to \$255,000 with 173 lots sold, Kiama was down by 17.1% to \$286,000, while Wollongong LGA (82 sales) fell by 14.9% to \$231,625. Shellharbour LGA progressed by 1.8% to \$259,500 during this quarter with a total of 80 sales.

MEDIAN PROPERTY VALUES	Year to Sep 12	Year to Sep 13	Yearly Change
HOUSES			
Wollongong Statistical District	430,000	447,000	4.0
Wollongong LGA	435,000	455,000	4.6
Shellharbour LGA	380,000	392,000	3.2
Kiama LGA	539,500	562,500	4.3
UNITS/TOWNHOUSES			
Wollongong Statistical District	335,550	358,000	6.7
Wollongong LGA	340,000	360,000	5.9
Shellharbour LGA	299,475	325,000	8.5
Kiama LGA	355,000	392,000	10.4
LAND			
Wollongong Statistical District	240,000	255,000	6.3
Wollongong LGA	223,000	237,000	6.3
Shellharbour LGA	249,000	257,500	3.4
Kiama LGA	280,500	270,000	-3.7

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

SALES	Houses	Units	Land
Year to Sep 13			
Wollongong Statistical District	3,407	1,951	592
Wollongong LGA	2,274	1,549	305
Shellharbour LGA	849	264	243
Kiama LGA	284	138	44

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



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

Building Approvals



Dwelling Approvals

The volume of dwelling approvals across the Illawarra Statistical District (ISD) increased during the twelve months to September 2013:

- » 1,819 dwellings were approved in the ISD, up 23.0% compared to the previous year to September. 1,430 houses were approved (up 33.9%), while unit approvals weakened by 5.4% to 389.
- » Approvals strengthened in Wollongong LGA (rising by 19.3% to 681), Shellharbour LGA (up 37.3% to 394) and Shoalhaven (up 27.6% to 592).
- » Wingecarribee saw a 3.7% decrease in approvals, to 130. Meanwhile, approvals in Kiama (22) were on par with the previous year.

The ISD experienced a contraction in the number of residential building approvals during the three months to September:

- » Residential approvals fell 10.4% in the Illawarra SD, to 463, as house approvals slumped to 369 (down 10.9%) and unit approvals decreased by 8.7% to 94.
- » The quantity of approvals declined in Shellharbour (down 22.7%), Wingecarribee (down 25.0%) and Shoalhaven (down 14.3%) to 92, 27 and 144 approvals respectively.
- » Kiama LGA recorded 9 approvals, unchanged from the previous quarter. Meanwhile, approvals in Wollongong LGA increased by 3.2% to 191.

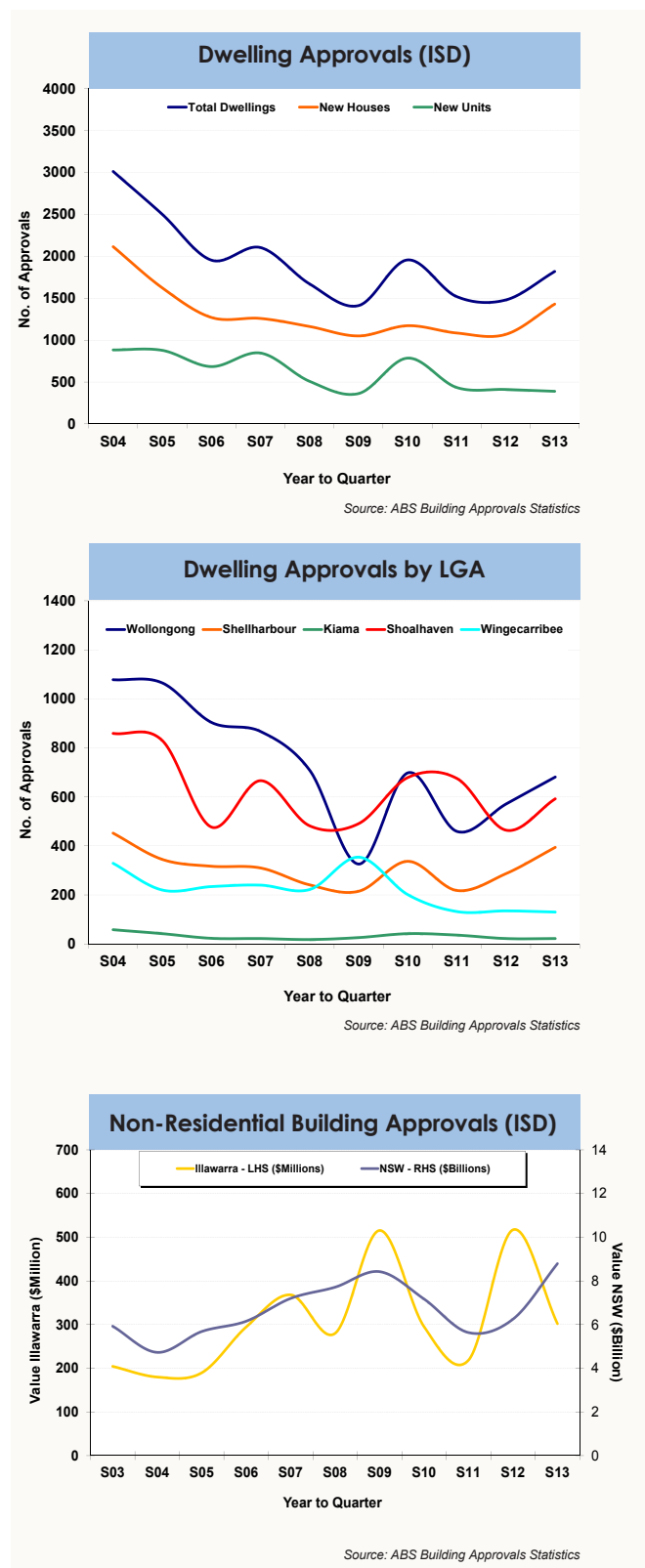
Non-Residential Building Approvals

The value of non-residential approvals improved in the year to September 2013:

- » ISD non-residential building approvals contracted by 41.6% to a total value of \$302.0 Million largely due to a 63.4% deterioration in the private sector, to \$171.2 Million. Public investment however strengthened to \$130.8 Million during this period.
- » The value of commercial approvals in NSW expanded by 40.7% to \$8.8 Billion, comprising of private (\$6.5 Billion) and public (\$2.3 Billion) investment.

There was an increase in the cost of non-residential construction during the three months to September:

- » The ISD saw non-residential building approvals increase by 30.3% to \$118.0 Million, up from the June quarter result of \$90.5 Million. Public approvals grew to \$67.8 Million (up from \$49.8 Million) and private investment climbed to \$50.2 Million, a 23.4% increase.
- » Across NSW, the value of non-residential approvals lifted by 45.2% to \$3.0 Billion. Public investment ascended by 82.8% (to \$966.4 Million) and private investment strengthened by 32.2% to \$2.0 Billion.



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 - Elective Surgery Centre ED and Ambulatory 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
	Wollongong - Mt Kiera Slope Stabilisation	U/C	\$2.5M
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	Innovation Campus - Construction of road bridge and associated works	U/C	\$3.3M
	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 Kinghorn 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
	Picton Road & Mount Ousley Rd- Upgrade and re-alignment of the northbound on-ramp	A	\$4.0M
Stockland	Shellharbour City Centre - Shellharbour Square Expansion	U/C	\$300.0M
Wollongong LGA	Keiraville - Integrated development; construction of student accommodation building	A	\$38.4M

Further information & enquiries:

Simon Pomfret, Executive Director, or

Alex Stewart, Research Analyst

Phone: (02) 4285 4446

Web: <http://www.iris.org.au>

ACN 002 278 793

Fax: (02) 4285 4448

Email: research@iris.org.au

ABN 16 002 278 793

Postal: University of Wollongong,
Northfields Avenue,
Wollongong, NSW 2522

Office: Level 1, iC Central,
Innovation Campus,
Squires Way,
North Wollongong, NSW 2500

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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