



Profile Illawarra

MARCH 2014

Highlights

- » During 2013, there were 882,000 domestic overnight visitors to the region, down by 15.8%. These travellers spent 14.6% fewer nights in the region, at 2.2 Million nights.
- » 15.3 Million tonnes of coal was produced in 2013, down 5.6% from 16.2 Million tonnes during 2012. At the same time, average employment decreased to 3,504 persons (down 6.4%).
- » In 2013, Port Kembla experienced an increase of 2.9% in import levels, to 10.6 Million tonnes while export tonnage contracted by 21.6% to 16.0 Million tonnes.

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Annual State of the Region

3,499 house sales

1,836 unit sales

582 land lot sales

Unemployment = 7.5%

Youth unemployment = 16.1%

198,800 employed persons

3,368 job ads

15.3M tonnes of coal

16.0M tonnes of exports

10.6M tonnes of imports

2.2M domestic visitor nights

Tourist spending = \$690.9M

- » Weaker trading activity was experienced by a net 1.6% of local firms, up by 16.9% pts since the previous March quarter. This result falls 7.1% pts under the long term March quarter average.
- » WSD's median house price grew by 2.5% to \$450,000 with total sales increasing by 4.6% to 3,499. The median price paid for units in this region increased by 7.4% (to \$365,000) with 1,836 sales (down 24.9%).
- » Non-residential approvals contracted by 33.3% to \$521.3 Million. The private sector weakened by 54.7% to \$231.3 Million, while a 918.7% lift was seen in the public sector, to \$289.9 Million.
- » In 2013, ISD dwelling approvals totalled 1,923, up by 39.6% when compared to the previous year to December. This consisted 1,497 house approvals (up 41.4%) and 426 unit approvals (up 33.5%).

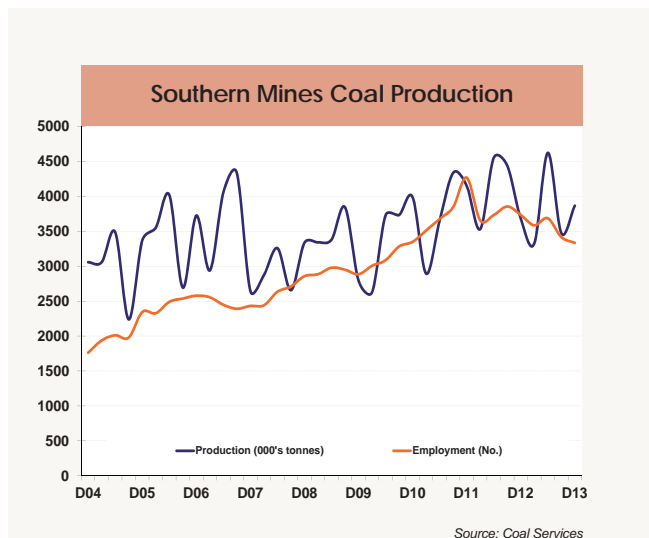
Southern Mines Coal Production

Total coal production in the Illawarra region decreased during the year to December 2013:

- » 15.3 Million tonnes of coal was produced, down by 5.6% from 16.2 Million tonnes during the year to December 2012. At the same time, average employment decreased to 3,504 persons (down 6.4%).
- » Productivity lifted by 0.8% to 4.4 Thousand tonnes per employee during this period.

In the three months to December, coal production expanded while employment levels contracted:

- » Total coal production rose to 3.9 Million tonnes, up by 11.3%.
- » There was a 2.4% decrease in employment (to 3,333 persons), while productivity increased to 1.2 Thousand tonnes per person, up from 1.0 Thousand tonnes.



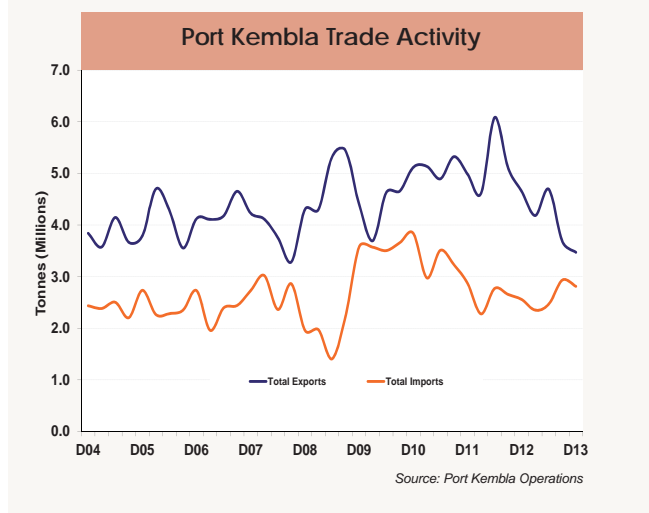
Port Kembla Trade

There was a higher volume of imports during the year to December:

- » Port Kembla experienced an increase of 2.9% in import levels, to 10.6 Million tonnes. Meanwhile, export tonnage contracted by 21.6% to 16.0 Million tonnes.

During the final quarter of 2013, trade activity contracted:

- » Imports totalled 2.8 Million tonnes, down by 4.1% compared to the September quarter result of 2.9 Million tonnes.
- » Looking at export tonnage, there was a 5.7% decline, to 3.5 Million tonnes.
- » Breaking these results down, 43.9% of imports into Port Kembla comprised of overseas assembled passenger vehicles (1.2 Million tonnes), while 39.5% (1.1 Million tonnes) consisted of iron ore.
- » The primary export from this port was bulk coal (78.6%), at 2.7 Million tonnes.



Tourism & Business Conditions



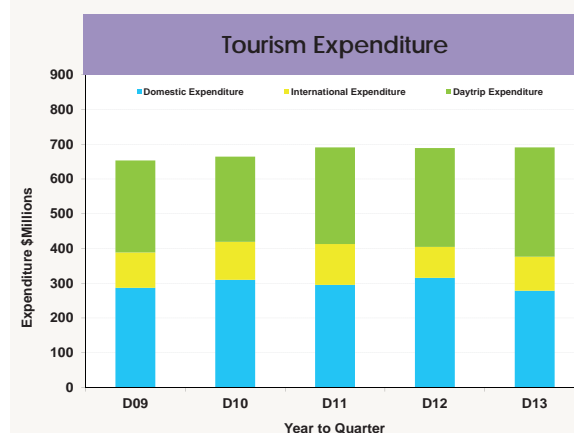
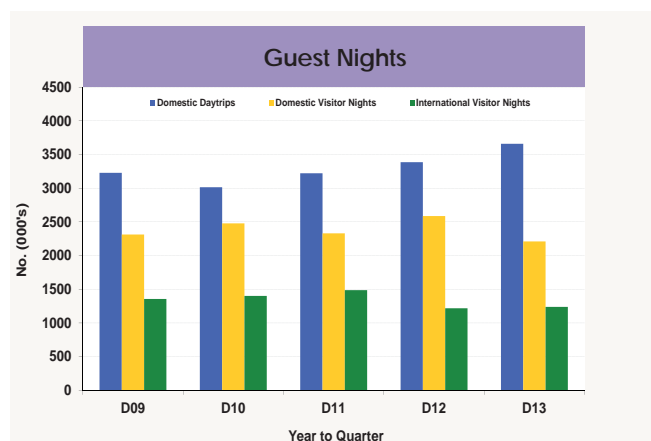
Tourism Activity (WSD)

According to Destination NSW, the number of domestic visitor nights spent in the Wollongong SD declined during the year to December 2013:

- » In total, there were 882,000 domestic overnight visitors to the region, down by 15.8%. These travellers spent 14.6% fewer nights in the region, at 2.2 Million nights.
- » In contrast, domestic daytrips to the WSD rose 8.1% to 3.7 Million, up from 3.4 Million during the previous year.
- » 1.2 Million visitor nights (up 1.6%) were spent in the Wollongong Statistical District by a total of 58,000 international travellers (up 6.4%).

Total tourism expenditure strengthened slightly during the twelve months to December as visitors spent more on average per day:

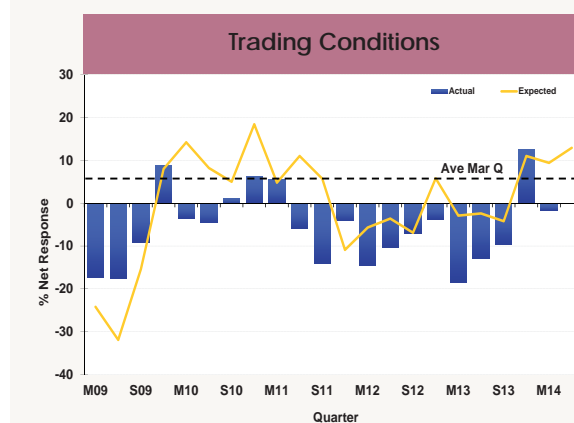
- » Tourism expenditure to the WSD totalled \$690.9 Million, a 0.3% increase on the year to December result of \$689.0 Million.
- » Domestic daytrip travellers spent an average of \$86 per day in the WSD (up 2.4%), while daytrip expenditure lifted by 10.6% (to \$314.7 Million) during the year to December 2013.
- » On average, domestic overnight travellers spent \$126 per night (up 3.3%), as expenditure dipped by 11.8% to \$278.5 Million for this group.
- » International tourists spent a total of \$97.8 Million, an increase of 10.0% compared to the year to December 2012. These travellers spent \$79 per night on average.



Trading Conditions

Local firms have reported favourable trading conditions compared to the March 2013 quarter:

- » Weaker trading activity was experienced by a net 1.6% of local firms, up by 16.9% pts since the previous March quarter. This result falls 7.1% pts under the long term March quarter average.
- » Looking ahead to the June quarter, a net 12.9% of firms in the Illawarra expect to encounter improved trading conditions, up 3.5% pts compared to the expectations for March.
- » For small businesses, the *Trading Conditions Index* strengthened by 15.9% pts, as a net 2.8% of firms recorded weaker sales activity. Local business owners expect conditions to improve during the next three months.
- » For large firms, the *Trading Conditions Index* slumped by 55.5% pts while 44.4% of large businesses invested in capital, up by 11.1% pts. At the same time, a net 12.2% of medium sized organisations saw trading conditions improve during this period.



Labour Market



Labour Market Statistics

There were mixed conditions for the Illawarra labour market during the twelve months to December:

- » On average, 198,000 persons were employed across the Illawarra SD, up by 3.9% compared to the previous year.
- » The average yearly ISD participation rate climbed by 1.4% pts to 57.8%.
- » The unemployment rate saw a 0.3% pt increase, rising to 7.5% in average yearly terms.
- » There was a 2.2% rise in the average yearly youth unemployment rate, to 16.1%, up from 13.9% during the previous year.
- » On average, 7,325 locals received unemployment benefits, an increase of 16.2%. This was influenced by a change to payments which transferred Parenting Payment recipients to Newstart Allowance.

ISD labour market conditions saw some improvement during the December 2013 quarter:

- » Average quarterly employment climbed to 205,200, a 1.3% increase on the three months to September.
- » The participation rate for the ISD decreased by 0.3% pts to an average of 58.5%.
- » The number of persons receiving unemployment benefits across the region dipped by 1.3% to 7,190.
- » There was a 1.5% improvement in the average quarterly unemployment rate, to 5.6%. Youth unemployment (14.7%) improved by 2.3% during the December quarter.

Job Advertisements

Job advertisements in Saturday's edition of the Illawarra Mercury experienced a decline during the year to December:

- » A total of 3,368 jobs were advertised in the Illawarra region, a contraction of 33.3% from 5,048 in the previous twelve months.
- » 2,121 full time positions were advertised in the ISD (down 36.1%), while 1,236 part time positions were recorded, down by 28.4%.

The December quarter saw similar changes:

- » There was an 11.9% drop in the number of jobs advertised in the Illawarra Statistical District, falling to 769.
- » 220 part time positions were advertised, an 18.8% dip, while the volume of full time positions declined to 467, down 11.6%

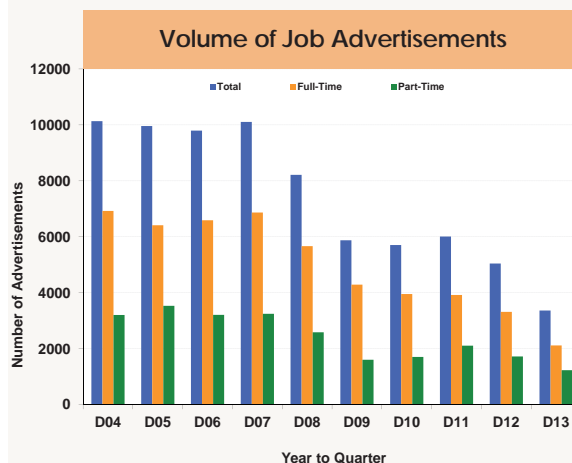
	Yr to D12 (Ave.)	Yr to D13 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	191.3	198.8
Unemployment Rate (%)	7.2	7.5
Participation Rate (%)	56.4	57.8
Youth Unemployment Rate (%)	13.9	16.1
Unemp. Benefit Recipients (No.)	6301	7325

Source: ABS Labour Force Survey

	S13 Qtr (Ave.)	D13 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	202.5	205.2
Unemployment Rate (%)	7.1	5.6
Participation Rate (%)	58.8	58.5
Youth Unemployment Rate (%)	17.0	14.7
Unemp. Benefit Recipients (No.)	7287	7190

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.



Source: IRIS/The Saturday Edition of the Illawarra Mercury

Rental Market



Rental Market

The year to December saw a contraction in the volume of units, flats and townhouses available for rent in the Wollongong Statistical District:

- » An average of 55 units, flats and townhouses were listed, down by 8.3%, while rental listings for houses remained on par with the previous quarter result of 31 per week.
- » The median weekly rental price rose by 4.3% to \$417. This was up from \$400 recorded during the year to December 2012.
- » The median weekly unit price climbed to a record high of \$340, up by 6.3% compared to the previous year.

The December quarter saw rental listings decrease, while median rental values strengthened:

- » On average, weekly rental listings fell by 7.1% for units (to 52), while listings for houses declined by 26.3%, to 28.
- » The average median rental price for houses climbed to \$420 (up 5.0%). Meanwhile, the median price for flats, townhouses and units increased by 3.0% to an average of \$340 per week.

Rental Market - Selected Areas

Looking at selected areas during the twelve months to December:

- » In terms of houses, Kiama saw the median rental price climb to \$472, up by 12.4%, while the areas covering Lake Illawarra South to Oak Flats (up 4.5% to \$397) and Albion Park/Albion Park Rail (up 4.0% to \$390) also saw increases.
- » Median unit prices strengthened in general, with the exception of the Dapto/Kanahooka/Koonawarra area (down 5.4% to \$265) and Wollongong/Figtree, unchanged at \$350.

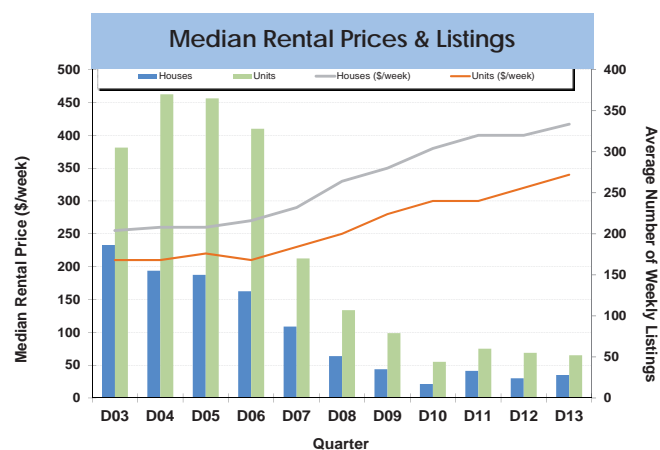
Table: Median Rents for Selected Areas

HOUSES	Year to Dec 12 \$/Week	Year to Dec 13 \$/Week	Yearly Change %	UNITS/TOWNHOUSES	Year to Dec 12 \$/Week	Year to Dec 13 \$/Week	Yearly Change %
Bulli/Woonona	420	420	0.0	Bulli/Woonona	330	340	3.0
Russell Vale to Fairy Meadow	450	450	0.0	Russell Vale to Fairy Meadow	300	330	10.0
Wollongong to Figtree	435	445	2.3	Wollongong to Figtree	350	350	0.0
Unanderra to Mount Kembla	380	390	2.6	Unanderra to Mount Kembla	280	290	3.6
Dapto, Kanahooka, Koonawarra	380	395	3.9	Dapto, Kanahooka, Koonawarra	280	265	-5.4
Lake Heights to Windang	350	350	0.0	Lake Heights to Windang	210	240	14.3
Albion Park to Albion Park Rail	375	390	4.0	Albion Park to Albion Park Rail	310	402	29.7
Lake Illawarra South to Oak Flats	380	397	4.5	Lake Illawarra South to Oak Flats	270	300	11.1
Kiama	420	472	12.4	Kiama	290	420	44.8

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

RENTAL MARKET VALUES	Year to Dec 12	Year to Dec 13	Yearly Change (%)
HOUSES			
Median Weekly Rental (\$)	400	417	4.3
Average Weekly Listings (No.)	31	31	0.0
UNITS - 1 Bedroom			
Median Weekly Rental (\$)	220	230	4.5
Average Weekly Listings (No.)	10	10	0.0
UNITS - 2 Bedroom			
Median Weekly Rental (\$)	312	330	5.8
Average Weekly Listings (No.)	33	30	-9.1
UNITS - Total			
Median Weekly Rental (\$)	320	340	6.3
Average Weekly Listings (No.)	60	55	-8.3

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



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

Property



Property Market (WSD)

Median property prices continued to strengthen during the year to December 2013:

- » WSD's median house price grew by 2.5% to \$450,000 with total sales increasing by 4.6% to 3,499. The median price paid for units in this region increased by 7.4% (to \$365,000) with 1,836 sales (down 24.9%). At the same time, the WSD median land price progressed by 4.1% (to \$255,000) as a total of 582 land lots were sold.
- » The median house price in Wollongong LGA reached \$460,000 (up 3.4%) with 2,326 sales (up 7.2%). A 5.2% boost was seen in the median unit price, to \$365,000, while the median price for land lots experienced a marginal increase (up 0.6%) to \$233,750.
- » Shellharbour LGA's median house price (\$399,000) gained 3.6% as sales in this region rose by 7.9% to 879. The median price for land (up 2.0%) and units (up 13.3%) climbed to \$255,000 and \$340,000 respectively.
- » There was a rise of 3.6% in Kiama LGA's median house price, strengthening to \$575,000. Meanwhile, the median unit price increased by 11.1% to \$400,000. A total of 43 land lots were sold during this period as the median land price lifted by 27.1% to \$340,000.

There were mixed changes in the local property market during the December 2013 quarter:

- » 943 house sales were recorded in the WSD as the median house price strengthened by 5.8% to \$475,000. Wollongong LGA experienced a 4.3% increase, to \$480,000 with 598 sales, while Shellharbour (up 7.0% to \$412,000) and Kiama (up 5.8% to \$529,500) experienced similar gains.
- » In terms of median unit prices across the Illawarra region, there was a 3.0% lift for the WSD, to \$380,000, a 15.2% rise in Shellharbour (to \$374,500) and a 4.3% boost, to \$480,000, in Wollongong LGA. Conversely, Kiama LGA's median unit price contracted by 5.3% to \$400,000.
- » 498 units were sold in the WSD, a 2.5% dip. Breaking this result into local government areas, Kiama experienced a 65.4% boost, to 43, while Shellharbour saw a slight lift, up 6.5% to 66. There were 8.0% fewer units sold during this period in Wollongong, declining from 423 to 389.
- » There was no change in WSD's median land price, at \$255,000, while Wollongong LGA (\$217,000) and Shellharbour (\$260,000) were on par with the previous year.

Looking at the WSD property market historically:

- » Since the year to December 2005, the median house price has gained 20.0% (from \$375,000), while the median unit price has strengthened by 21.7% (from \$300,000).

MEDIAN PROPERTY VALUES	Year to Dec 12	Year to Dec 13	Yearly Change
HOUSES			
Wollongong Statistical District	439,000	450,000	2.5
Wollongong LGA	445,000	460,000	3.4
Shellharbour LGA	385,000	399,000	3.6
Kiama LGA	555,000	575,000	3.6
UNITS/TOWNHOUSES			
Wollongong Statistical District	340,000	365,000	7.4
Wollongong LGA	347,000	365,000	5.2
Shellharbour LGA	300,000	340,000	13.3
Kiama LGA	360,000	400,000	11.1
LAND			
Wollongong Statistical District	245,000	255,000	4.1
Wollongong LGA	232,375	233,750	0.6
Shellharbour LGA	250,000	255,000	2.0
Kiama LGA	267,500	340,000	27.1

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

SALES	Houses	Units	Land
Year to Dec 13			
Wollongong Statistical District	3,499	1,836	582
Wollongong LGA	2,326	1,477	298
Shellharbour LGA	879	246	241
Kiama LGA	294	113	43

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



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

Building Approvals



Dwelling Approvals

There was an increase in the volume of dwelling approvals across the Illawarra Statistical District (ISD) during the twelve months to December 2013:

- » ISD dwelling approvals totalled 1,923, up by 39.6% when compared to the previous year to December. This consisted 1,497 house approvals (up 41.4%) and 426 unit approvals (up 33.5%).
- » Dwelling approvals around the ISD looked promising with Wollongong LGA rising 85.5% (to 781), Shellharbour LGA (up 42.5% to 416), Shoalhaven (up 11.2% to 568) and Kiama LGA (up 220.0% to 32).
- » Wingecarribee experienced a 12.5% decline in approvals to 126.

The WSD followed the same upward trend in terms of residential building approvals during the three months to December:

- » Residential approvals climbed 2.6% in the Illawarra SD, to 475, with a 42.6% surge in unit approvals strengthening to 134 (up 42.6%), while house approvals slumped to 341 (down 7.6%).
- » The number of approvals increased in Wollongong LGA by 5.8% (to 202), Shellharbour LGA by 7.6% (to 99), Kiama LGA by 33.3% (to 12) and Wingecarribee LGA by 22.2% (to 33).
- » Meanwhile, Shoalhaven LGA experienced a 10.4% decline in approvals, to 129.

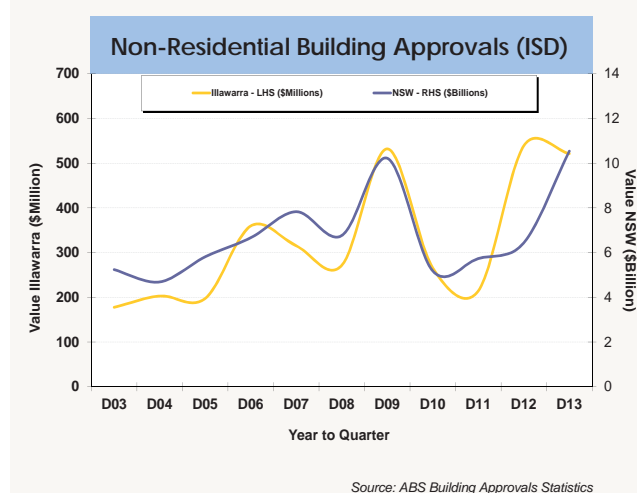
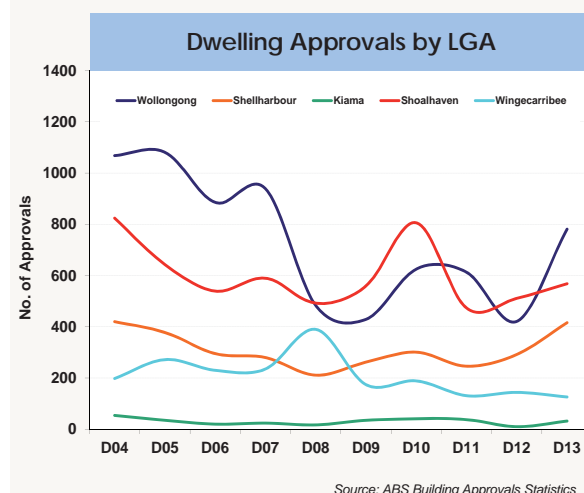
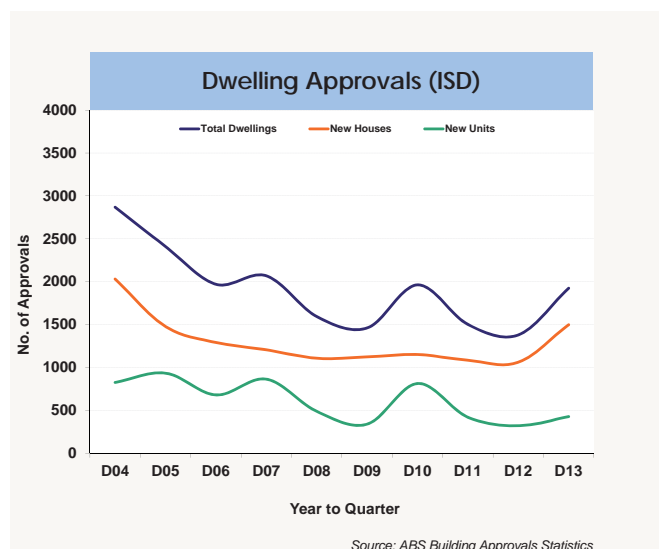
Non-Residential Building Approvals

The value of non-residential construction investment declined during the year to December 2013:

- » Non-residential approvals contracted by 33.3% to \$521.3 Million. The private sector weakened by 54.7% to \$231.3 Million, while a 918.7% lift was seen in the public sector, to \$289.9 Million.
- » There was a 63.6% expansion in the value of commercial approvals in NSW (to \$10.5 Billion), comprising \$7.7 Billion in private investment and \$2.8 Billion in public investment (up 117.0%).

During the three months to December:

- » The ISD saw non-residential building approvals strengthen by 139.8% to \$282.9 Million. Public approvals grew to \$168.9 Million (up from \$67.8 Million) and private investment climbed to \$114.0 Million (up 127.0%).
- » In NSW, there was a 9.8% lift (to \$3.3 Billion) in non-residential approvals. This was attributed to a 20.8% rise (to \$2.5 Billion) in private investment, while public investment decreased by 13.5% (to \$836.4 Million).



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 - 20 bed sub-acute mental health	U/C	\$11.5M
	Wollongong - Elective Surgery Centre ED and Ambulatory Care	U/C	\$106.1M
	Wollongong - New multi-storey car park	U/C	\$27.8M
IRT	Tarrawanna - IRT Care Centre	U/C	\$18.0M
	St Georges Basin - 5 Lifestyle community units	U/C	\$1.2M
Metronode	Unanderra - Construction of data storage facility	U/C	\$27.0M
NSW Public Works	Wollongong - Crown St Mall Redevelopment	U/C	\$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
The University Of Wollongong	Innovation Campus - Demolition of existing causeway structure and construction of road bridge	C	\$3.3M
	Early Start Building	U/C	\$30.3M
Roads and Maritime Services	Gerringong - Princes Hwy upgrade between Mount Pleasant and Toolijooa Rd	U/C	\$444.0M
	Picton Road and Mount Ousley Rd - Upgrade and realignment	U/C	\$5.5M
	Picton Road - Road Safety Strategy - a range of projects to upgrade the 27kms of Picton Rd	U/C	\$53.0M
Housing NSW	Russell Vale - Bramsen Street development	U/C	\$3.6M
Wollongong LGA	Wollongong - Demolition of existing building and construction of a multi-storey building	A	\$29.9M
	Dapto - West Dapto Access Strategy	U/C	\$72.0M
	Mount Kembla - Shared path project	U/C	\$6.5M

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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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