



## Profile Illawarra

June 2014

### Highlights

- » The median house price for the Wollongong SD was up 3.4% to \$455,000 with 3,574 house sales (up 5.5%). The median unit price grew to \$369,000 (up 7.6%) while the volume of unit sales declined 14.0% to 1,912.
- » Domestic overnight visitors spent 2.5 Million nights in the region (up 4.0%), while international visitors spent a total of 1.4 Million nights in the region, up by 15.3% on the year to March 2013.
- » Tourist expenditure strengthened, as visitors to the WSD spent a total of \$721.8 Million during the year to March 2014 (up 3.2%). Spending by international and domestic visitors both increased, lifting 21.7% (to 108.1 Million) and 5.7% (to \$312.5 Million) respectively.

#### TABLE OF CONTENTS

Highlights	1
Trade	2
Tourism & Business	3
Labour Market	4
Consumer Sentiment & Rental Market	5
Property Market	6
Building Approvals	7
Investment	8

#### Annual State of the Region

3,574 house sales

1,912 unit sales

642 land lot sales

Unemployment = 6.7%

Youth unemployment = 17.9%

130,000 employed persons

3,212 job ads

16.2M tonnes of coal

16.3M tonnes of exports

10.4M tonnes of imports

2.5M domestic visitor nights

Tourist spending = \$721.8M

- » 16.2 Million tonnes of coal was produced at Southern Mines during the year to March 2014, representing a 1.6% increase from the previous year.
- » The year to March saw the total number of dwelling approvals increase by 31.6% across the Illawarra Statistical District (ISD), to 2,068. This consisted of 1,526 house approvals (up 28.7%) and 542 unit approvals (up 40.8%).
- » The value of non-residential approvals also increased across the ISD, rising 26.2% to \$631.9 Million. There was growth in the public sector, to \$360.7 Million, while in contrast the private sector contracted by 42.6% to \$271.2 Million.
- » Weaker trading activity was experienced by a net 6.7% of local firms, up 6.2% compared to the previous June quarter. This result falls 9.6% pts under the long term June Quarter average.

## Southern Mines Coal Production

Total coal production in the Illawarra increased during the year to March 2014:

- » 16.2 Million tonnes of coal was produced, up by 1.6% from 16.0 Million tonnes the previous year. At the same time, average employment decreased to 3,373 persons (down 9.4%).
- » Productivity lifted by 12.2% to 4.8 thousand tonnes per employee during this period.

In the three months to March, coal production increased while employment levels decreased:

- » Total coal production grew to 4.3 Million tonnes, an increase of 11.1%.
- » There was an 8.2% contraction in employment (to 3,059) persons, while productivity lifted 21.0% to 1.4 thousand tonnes per person.

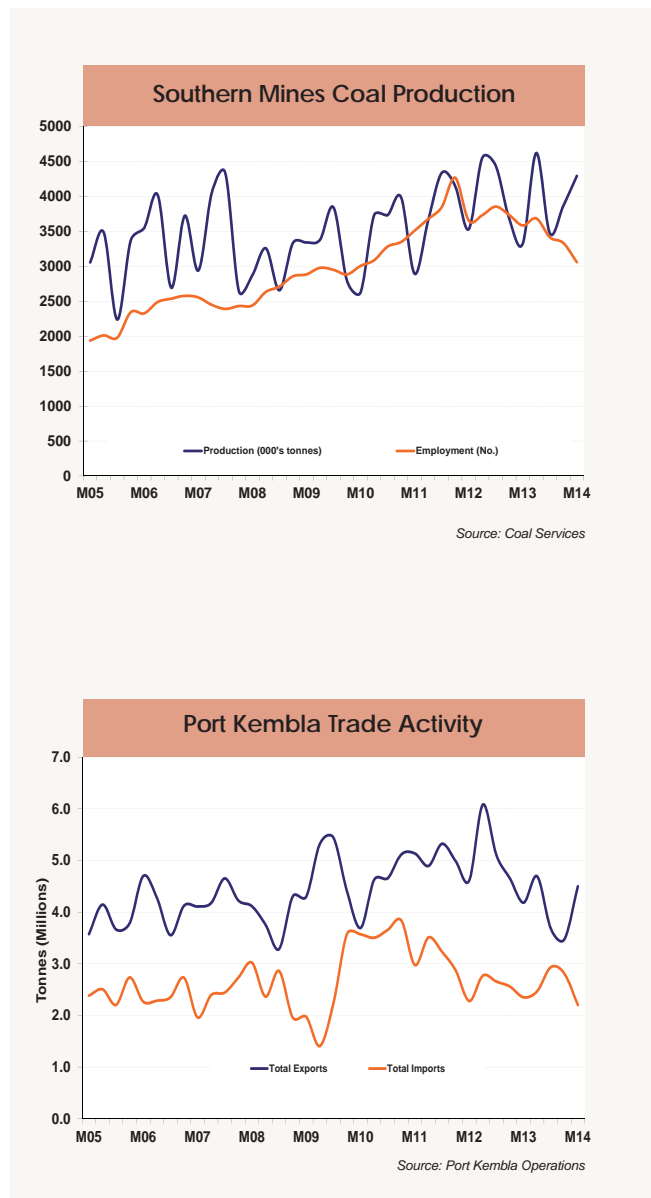
## Port Kembla Trade

The year to March saw a drop in the volume of exports:

- » Port Kembla experienced a 0.8% increase in import levels, to 10.4 Million tonnes. Meanwhile export tonnage contracted to 16.3 Million tonnes, down from 20.0 Million tonnes recorded the previous year.

The opening quarter of 2014 saw trade activity experience mixed conditions:

- » Imports totalled 2.2 Million tonnes, down by 21.7% compared to the December quarter result of 2.8 Million tonnes.
- » In contrast, export tonnage increased 29.6% to 4.5 Million tonnes.
- » The primary import into Port Kembla comprised of overseas assembled passenger vehicles (43.8%), at 964,626 tonnes, while 34.2% (752,360 tonnes) consisted of iron ore.
- » 73.0% of exports out of Port Kembla comprised of bulk coal, making it the primary export at 3.3 Million tonnes.



# Tourism & Business Conditions



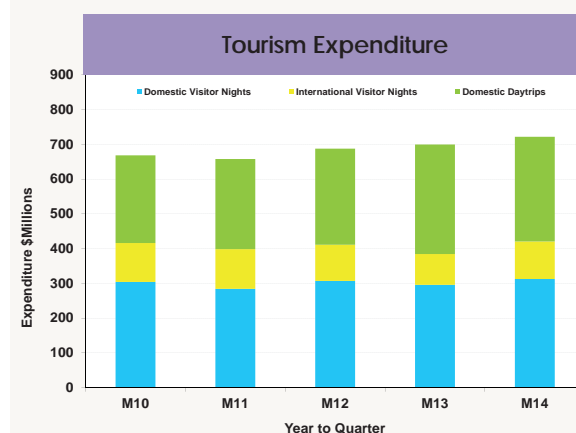
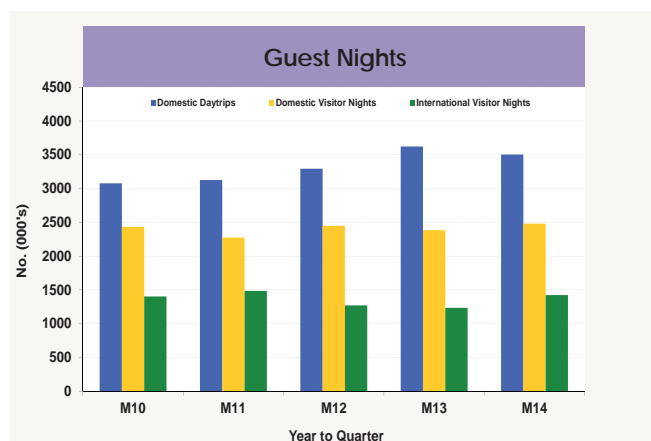
## Tourism Activity (WSD)

According to Destination NSW, the number of domestic visitor nights spent in the Wollongong SD contracted during the year to March 2014:

- » In total, there were 946,000 domestic overnight visitors to the region, down by 5.4%. These travellers spent 4.0% more nights in the region at 2.5 Million nights.
- » Domestic day trips to the WSD contracted by 3.3%, to 3.5 Million nights, down from 3.6 Million recorded the previous year.
- » 1.4 Million international visitor nights (up 15.3%) were spent in the Wollongong SD by a total of 57,000 international visitors (up 3.6%).

Total tourism expenditure strengthened throughout the twelve months to March 2014:

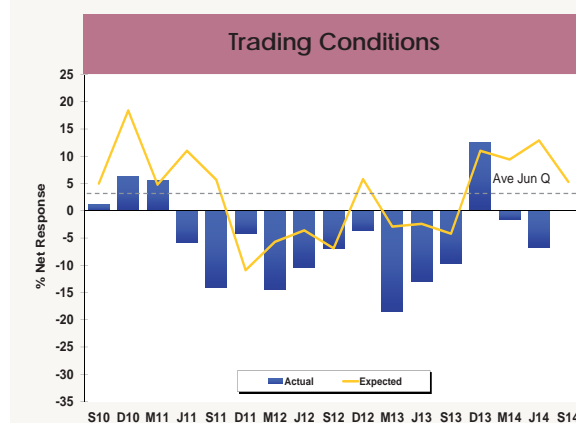
- » Tourism expenditure in the WSD totalled \$721.8 Million, a 3.2% improvement on the year to March 2013 result of \$699.5 Million.
- » Domestic daytrip travellers spent an average of \$86 per day in the WSD (down 1.1%), while daytrip expenditure declined by 4.4% (to \$301.3 Million) during the year to March 2014.
- » On average, domestic overnight travellers spent \$126 per night (up 1.6%), as expenditure increased by 5.7% to \$312.5 Million for this group.
- » International tourists spent a total of \$108.1 Million, an increase of 21.7% compared to the year to March 2013. These travellers spent \$76 per night on average.



## Trading Conditions

Local firms have reported improved trading conditions compared to the June 2013 quarter:

- » Weaker trading activity was experienced by a net 6.7% of local firms, up 6.2% compared to the previous June quarter. This result falls 9.6% pts under the long term June quarter average.
- » Looking ahead to the September quarter, a net 5.3% of local firms expect to encounter improved trading conditions, down 7.6% pts compared to the expectation for June.
- » For small businesses, the *Trading Conditions Index* slumped by 6.8% pts, as a net 9.6% of local firms recorded weaker sales activity. Local business owners expect conditions to improve over the next three months.
- » For large firms, the *Trading Conditions Index* lifted by 15.8% pts, with conditions expected to continue improving going into the September quarter. At the same time, 6.8% of medium sized businesses saw trading conditions strengthen during this period (down 5.4% pts).





# Labour Market



## Labour Market Statistics

Mixed conditions surrounded the Illawarra labour market during the twelve months to March:

- » On average, 130,000 persons were employed across the Illawarra, up by 2.9% compared to the previous year.
- » The average yearly Illawarra participation rate climbed by 0.7% pts to 58.2%.
- » The unemployment rate experienced a 0.7% pt decrease, falling to 6.7% in average yearly terms.
- » There was a 6.8% pt rise in the average yearly youth unemployment rate to 17.9%, up from 11.2% recorded during the previous year.
- » On average, 5,131 locals received unemployment benefits, an increase of 13.8%.

Illawarra labour market conditions saw some improvement during the March 2014 quarter:

- » Average quarterly employment climbed to 134,300, a 1.4% increase on the three months to December.
- » The participation rate for the Illawarra climbed 0.7% pts to an average of 59.8%.
- » The average quarterly unemployment rate remained at 6.2% while at the same time youth unemployment increased by 1.3% pts to 19.4%.

## Job Advertisements

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

- » A total of 3,212 jobs were advertised in the Illawarra region, a contraction of 29.8% from 4,574 in the previous twelve months.
- » 1,987 full-time positions were advertised in the ISD (down 34.1%), while 1,200 part time positions were recorded, down 22.5%.

In contrast, job advertisements increased during the March quarter:

- » There was a 4.2% increase in the total number of jobs advertised in the Illawarra Statistical District (to 801).
- » 493 full-time positions were advertised (up 5.6%), while the volume of part-time positions advertised experienced a 10.7% increase to 310.

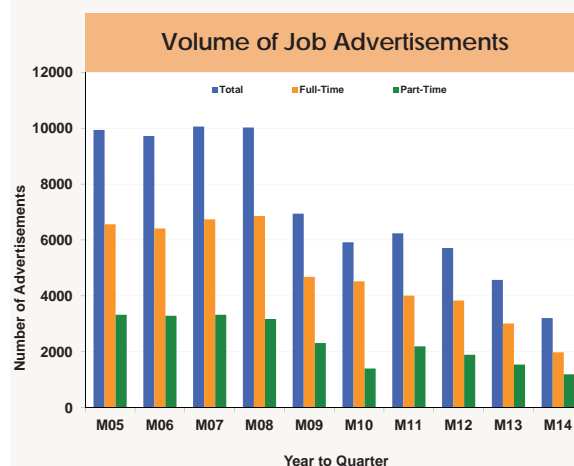
	Yr to M13 (Ave.)	Yr to M14 (Ave.)
<b>ISD Labour Market Statistics</b>		
Employment (000's)	126.1	129.7
Unemployment Rate (%)	7.4	6.7
Participation Rate (%)	57.6	58.2
Youth Unemployment Rate (%)	11.2	17.9
Unemp. Benefit Recipients (No.)	4507	5131

Source: ABS Labour Force Survey

	D13 Qtr (Ave.)	M14 Qtr (Ave.)
<b>ISD Labour Market Statistics</b>		
Employment (000's)	132.5	134.3
Unemployment Rate (%)	6.2	6.2
Participation Rate (%)	59.1	59.8
Youth Unemployment Rate (%)	18.1	19.4
Unemp. Benefit Recipients (No.)	5001	5347

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

# Consumer Sentiment & Rental Market



## Consumer Sentiment

The three months to June saw a decrease in consumer confidence throughout the Illawarra region:

- » The *Illawarra Consumer Sentiment Index* fell by 2 pts to 79 pts. This result is 7 pts below the long term June quarter average.
- » Westpac's Australian Consumer Sentiment Index followed the same downward pattern, recording a 12 pt decrease to 93 pts compared to the December quarter result.
- » This is 11 pts below the average of 104 pts for a June quarter.

## Financial Position

Illawarra households felt that their relative financial position had declined during the past three months:

- » The *Current Financial Position Index* lost 2 pts to 98 pts, which is 2 pts below the long term June quarter average.
- » The outlook for family finances over the next 12 months also declined, falling 3 pts to 102 pts. This result is 6 pts below the average level for a June quarter of 108 pts.

Sentiment towards Australian economic conditions remained unchanged, while perceived job availability waned:

- » The *Perceived Job Availability Index* deteriorated by 3 pts from the December quarter result while Local perception of the national economy remained unchanged as the *Future Economic Expectation Index* sat at 77 pts.

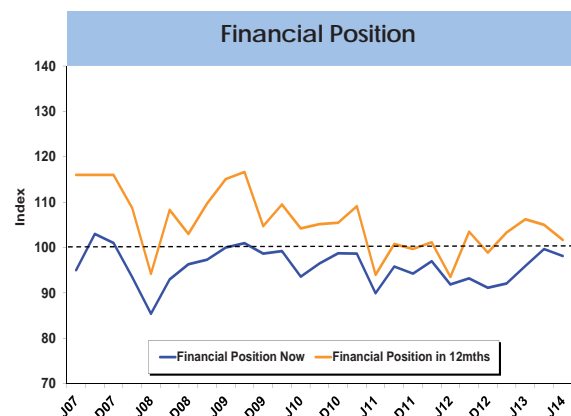
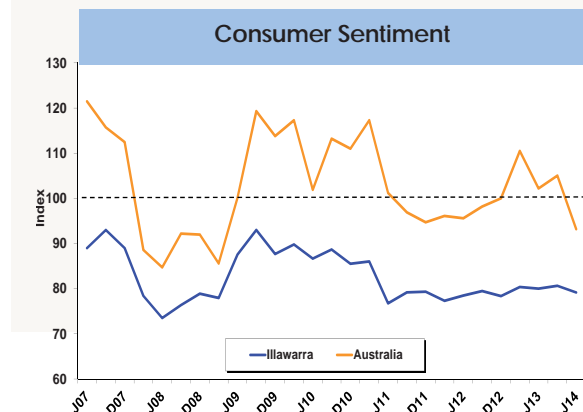
## Rental Market

The year to March saw rental market values increase:

- » On average there were 30 houses per week available for rent in the WSD (up 7.1%), while on the other hand, rental listings for units decreased, recording a 3.6% contraction to 54 per week.
- » The median weekly rental price for houses increased to \$420 per week (up 5.0%), while the median weekly unit price increased to \$340 per week (up 6.3%).

Looking at the rental market for the opening quarter of 2014:

- » Weekly rental listings on average saw a 14.3% contraction (to 24 per week) for houses, while the number of units available decreased by 13.5% to 45.
- » The average median rental price for houses remained constant at \$420, while units decreased by 2.9% to \$330.



RENTAL MARKET VALUES	Year to Mar 13	Year to Mar 14	Yearly Change (%)
<b>HOUSES</b>			
Median Weekly Rental (\$)	400	420	5.0
Average Weekly Listings (No.)	28	30	7.1
<b>UNITS - 1 Bedroom</b>			
Median Weekly Rental (\$)	220	240	9.1
Average Weekly Listings (No.)	10	10	0.0
<b>UNITS - 2 Bedroom</b>			
Median Weekly Rental (\$)	320	340	6.3
Average Weekly Listings (No.)	32	29	-9.4
<b>UNITS - Total</b>			
Median Weekly Rental (\$)	320	340	6.3
Average Weekly Listings (No.)	56	54	-3.6

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

# Property



## Property Market (WSD)

Median prices for dwellings and land grew across the WSD during the year to March 2014:

- » For the WSD, the median house price climbed 3.4% to \$455,000, with 3,574 sales (up 5.5%). 1,912 unit sales (down 14.0%) were recorded as the median price paid for medium to high density properties rose by 7.6% to \$369,000. Meanwhile, 642 land lots were sold (up 5.4%) as the median land price increased to \$260,000, up 8.2% on the previous years result.
- » In Wollongong LGA, the median house price grew to \$459,000 (up 3.1%) while house sales also grew, climbing 4.4% to 2,307. The median unit price stood at \$369,250 (up 7.0%), while the median land price experienced a 2.5% increase to \$235,000.
- » The median house price and volume of sales in Shellharbour LGA both experienced growth, increasing 4.4% (to \$405,000) and 12.3% (to 943) respectively. The median unit price lifted 12.2% (to \$345,000), while the price paid for land climbed 9.3%, to \$267,750.
- » Kiama LGA was no exception to growth, recording a 7.2% increase in the median house price (to \$595,000), while the median unit price recorded a 10.8% lift to \$410,000.

Mixed results were recorded during the three months to March:

- » 809 house sales were recorded in the WSD as the median house price dropped to \$460,000 (down 3.2%). Wollongong LGA experienced a 6.2% contraction (to \$450,000), while Shellharbour and Kiama lifted 6.1% (to \$437,000) and 11.3% (to \$662,500) respectively.
- » The median unit price in the WSD during the March quarter experienced a 4.0% contraction (to \$369,500). Breaking this result down, Wollongong and Shellharbour LGA's contracted 2.6% and 14.1% respectively while Shoalhaven's median unit price grew 4.8% to \$275,000.
- » 407 units were sold in the WSD, a 24.6% dip. This was primarily due to sales in Shoalhaven and Wingecarribee contracting 35.9% (to 50) and 32.4% (to 25) respectively. Meanwhile unit sales contracted 28.1% (to 299) in Wollongong LGA while sales in Shellharbour contracted 13.2%, to 66.
- » In terms of median land prices, the WSD dropped 0.9% to \$265,000. This was primarily attributed to a 10.2% decrease in Wollongong's median land price (to \$220,000).

Looking at the WSD property market historically:

- » Since the year to December 2005, the median house price has gained 22.7% (from \$375,000), while the median unit price has strengthened by 23.0% (from \$300,000).

MEDIAN PROPERTY VALUES	Year to Mar 13	Year to Mar 14	Yearly Change
<b>HOUSES</b>			
Wollongong Statistical District	440,000	455,000	3.4
Wollongong LGA	445,000	459,000	3.1
Shellharbour LGA	388,000	405,000	4.4
Kiama LGA	555,000	595,000	7.2
<b>UNITS/TOWNHOUSES</b>			
Wollongong Statistical District	343,000	369,000	7.6
Wollongong LGA	345,000	369,250	7.0
Shellharbour LGA	307,500	345,000	12.2
Kiama LGA	370,000	410,000	10.8
<b>LAND</b>			
Wollongong Statistical District	240,250	260,000	8.2
Wollongong LGA	229,250	235,000	2.5
Shellharbour LGA	245,000	267,750	9.3
Kiama LGA	270,000	350,000	29.6

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

SALES	Houses	Units	Land
<b>Year to Mar 14</b>			
Wollongong Statistical District	3,574	1,912	642
Wollongong LGA	2,307	1,504	303
Shellharbour LGA	943	273	290
Kiama LGA	324	135	49

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



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

# Building Approvals



## Dwelling Approvals

The year to March 2014 saw the total number of dwelling approvals increase across the Illawarra Statistical District (ISD):

- » 2,068 dwellings were approved in the ISD, a 31.6% lift compared to the year to March 2013 result. House approvals totalled 1,526, a 28.7% rise while unit approvals strengthened by 40.8% to 542.
- » Wollongong LGA recorded a 54.0% increase to 830. At the same time, there were 415 approvals in Shellharbour (up 17.6%), 562 approvals in Shoalhaven (up 4.9%) and 195 approvals in Wingecarribee (up 44.4%).

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

- » Residential approvals grew 29.1% in the Illawarra SD, to 613. House approvals increased from 341 to 402, a gain of 17.9%. Unit approvals followed the same trend, increasing 57.5% to 211.
- » Kiama and Wingecarribee both recorded 200% increases in dwelling approvals to 36 and 99 respectively.
- » Wollongong LGA and Shellharbour LGA also experienced increases of 24.8% (to 252) and 6.1% (to 105) respectively.
- » Conversely, 121 dwelling approvals were recorded for Shoalhaven, down 6.2% from 129 recorded the previous quarter.

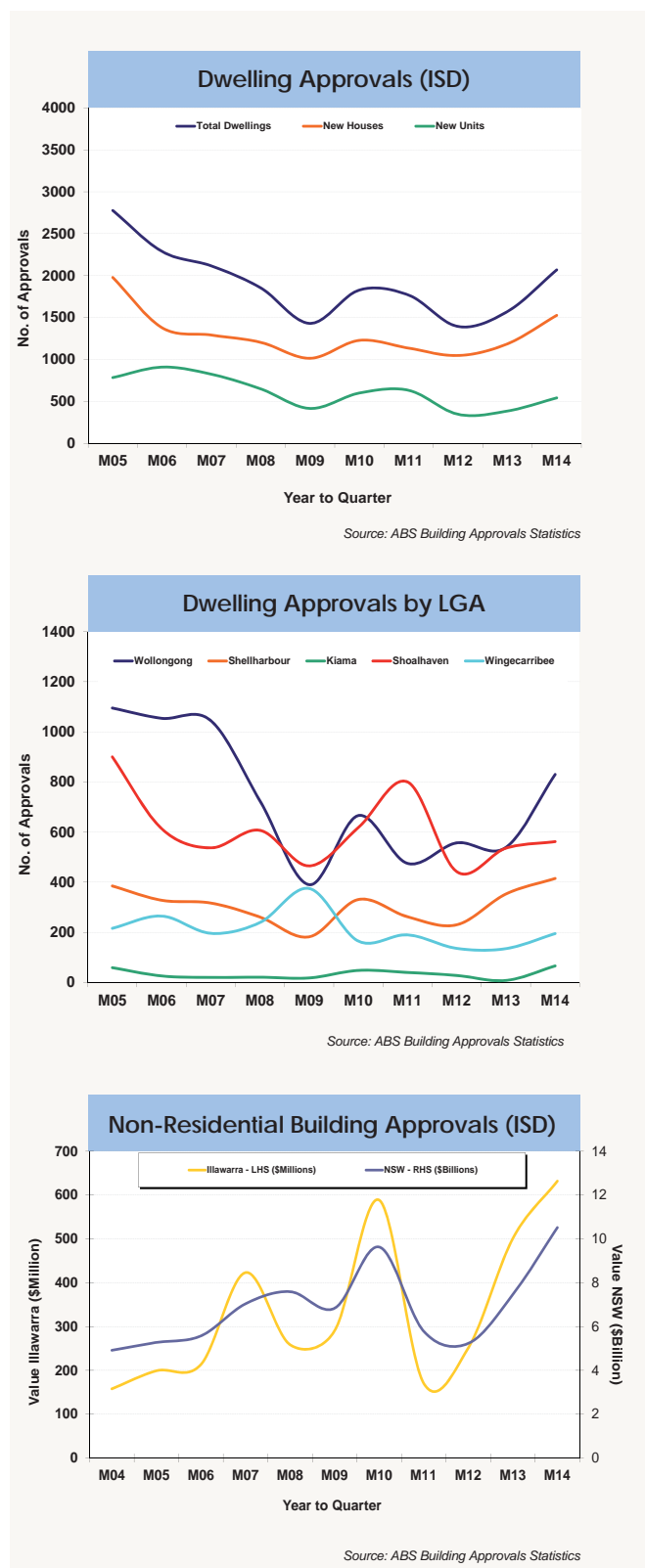
## Non-Residential Building Approvals

The total value of non-residential construction approvals strengthened during the year to March 2014:

- » Across the ISD, the value of non-residential approvals increased by 26.2% to \$631.9 Million. There was growth in the public sector, to \$360.7 Million while in contrast the private sector contracted by 42.6% to \$271.2 Million.
- » Commercial building approvals in NSW were valued at \$10.5 Billion, up 41.0% compared to the previous year.

The first three months of 2014 saw the total value of non-residential building approvals in the ISD decline:

- » Non-residential approvals slumped to \$140.5 Million, dropping 50.4% from the December quarter result of \$283.0 Million. Breaking this result down, private investment sat at \$66.3 Million (a 41.8% decline) while public approvals were down 56.1% to \$74.1 Million.
- » Looking at NSW, for the first quarter of 2014, the value of approvals declined from \$3.3 Billion, to \$2.2 Billion, down 34.6%. Both public and private investment declined during this period, by 8.8% (to \$763 Million) and 43.4% (to \$1.4 Billion) respectively.





# 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 Shoalhaven Local Health District	Shoalhaven - 20 bed sub-acute mental health	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	C	\$1.2M
NSW Public Works	Wollongong - Crown St Mall Redevelopment	U/C	\$19.0M
	Mt Keira Slope Stabilisation	C	\$2.5M
NSW Ports	Port Kembla - Outer Harbour Expansion	U/C	\$600.0M
	Port Kembla - Soy Bean Processing and Bio Diesel Plant	A	\$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
	Building 42 - Science Teaching facility	U/C	\$24.7M
Roads and Maritime Services	Gerringong - Princes Hwy upgrade between Mount Pleasant and Toolijooa Rd	U/C	\$444.0M
	Picton Road and Mount Ousley Road - 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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