



Profile Illawarra

September 2014

Highlights

- » During the year to June 2014, there were 971,000 domestic overnight visitors to the region, down by 3.0%. These travellers spent 10.9% more nights in the region, at 2.5 Million nights.
- » 15.0 Million tonnes of coal was produced during the twelve months to June, down 6.5% from 16.1 Million tonnes the previous year. At the same time, average employment decreased to 3,181 persons (down 14.3%).
- » Port Kembla experienced an increase of 4.1% in import levels, to 10.4 Million tonnes while export tonnage contracted to 16.1 Million tonnes.

TABLE OF CONTENTS

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

Annual State of the Region

3,747 house sales

2,027 unit sales

596 land lot sales

Unemployment = 6.5%

Youth unemployment = 17.4%

133,000 employed persons

3,201 job ads

15.0M tonnes of coal

16.1M tonnes of exports

10.4M tonnes of imports

2.5M domestic visitor nights

Tourist spending = \$707.1M

- » A net 1.4% of local firms experienced positive trading conditions during the September quarter, up by 11.0% pts since the previous September quarter. This result falls 4.5% pts under the long term September quarter average.
- » WSD's median house price grew by 8.0% to \$470,000 with total sales increasing by 11.0% to 3,747. The median price paid for units in this region increased by 10.9% (to \$382,500) with 2,027 sales (down 9.5%).
- » Non-residential approvals lifted by 144.6% to \$606.0 Million. The private sector strengthened by 45.7% to \$254.7 Million, while a 381.8% lift was seen in the public sector, to \$351.3 Million.
- » ISD dwelling approvals totalled 2,116, up by 24.3% when compared to the previous year to June. This consisted of 1,455 house approvals (up 8.9%) and 661 unit approvals (up 80.1%).

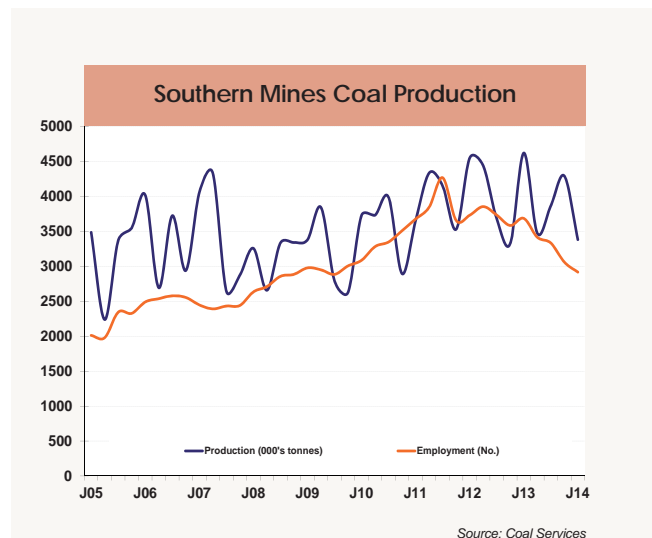
Southern Mines Coal Production

Total coal production in the Illawarra decreased during the year to June 2014:

- » 15.0 Million tonnes of coal was produced, down by 6.5% from 16.1 Million tonnes the previous year. At the same time, average employment decreased to 3,181 persons (down 14.3%).
- » Productivity lifted by 9.1% to 4.7 thousand tonnes per employee during this period.

In the three months to June, coal production and employment levels both experienced declines:

- » Total coal production fell to 3.4 Million tonnes, a decrease of 21.2%.
- » There was a 4.7% contraction in employment, to 2,916 persons, while productivity fell 17.4% to 1.2 thousand tonnes per person.



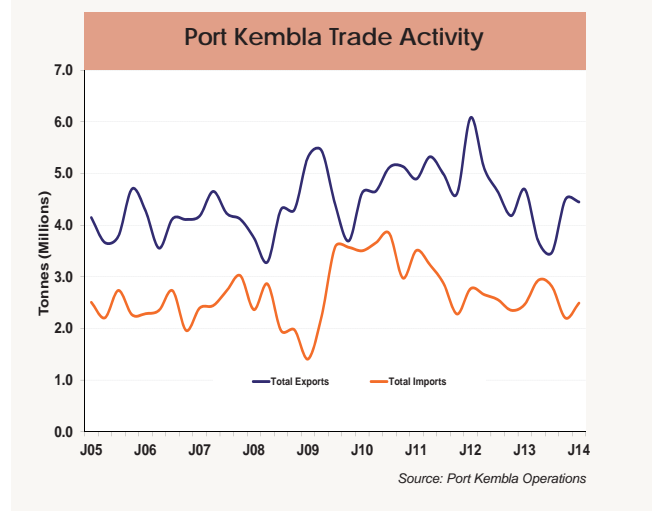
Port Kembla Trade

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

- » Port Kembla experienced a 4.1% increase in import levels, to 10.4 Million tonnes. Meanwhile export tonnage contracted to 16.1 Million tonnes, down from 18.6 Million tonnes recorded the previous year.

The June quarter saw trade activity experience mixed conditions:

- » Imports totalled 2.5 Million tonnes, up by 11.5% compared to the March quarter result of 2.2 Million tonnes.
- » In contrast, export tonnage decreased by 1.1% to 4.4 Million tonnes.
- » The primary import into Port Kembla comprised of overseas assembled passenger vehicles which were up 11.0% on the previous quarter.
- » The primary exports out of Port Kembla comprised of bulk coal and coke which were up 7.0% on the previous quarter.



Tourism & Business Conditions



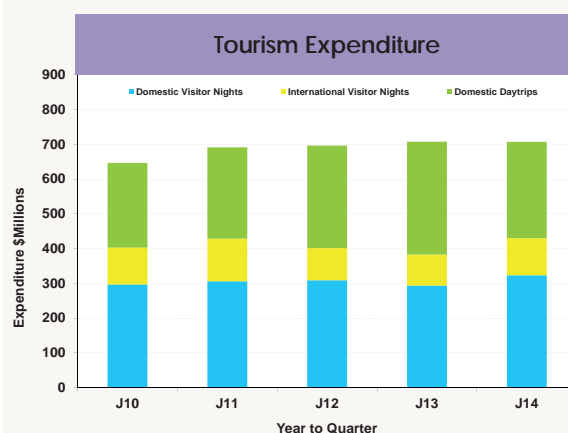
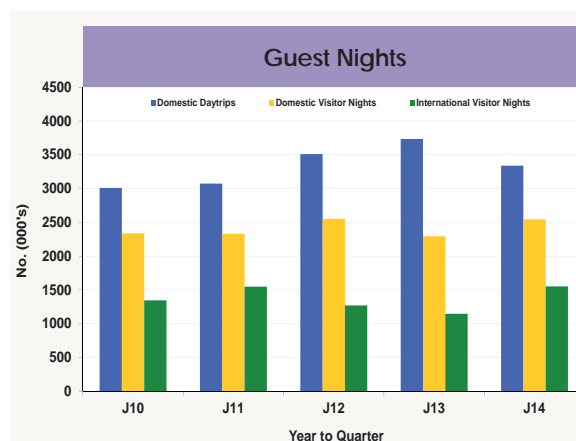
Tourism Activity (WSD)

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

- » In total, there were 971,000 domestic overnight visitors to the region, down by 3.0%. These travellers spent 10.9% more nights in the region, at 2.5 Million nights.
- » Domestic daytrips to the WSD fell 10.6% to 3.3 Million, down from 3.7 Million during the previous year.
- » 1.5 Million visitor nights (up 35.5%) were spent in the Wollongong Statistical District by a total of 56,000 international travellers.

Total tourism expenditure weakened slightly during the twelve months to June as visitors spent less on average per day:

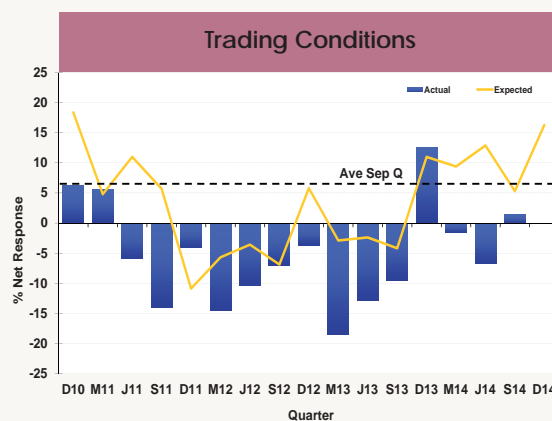
- » Tourism expenditure to the WSD totalled \$707.2 Million, a 0.1% decrease on the year to June 2013 result of \$707.7 Million.
- » Domestic daytrip travellers spent an average of \$83 per day in the WSD (down 4.6%), while daytrip expenditure fell by 14.7% (to \$277.1 Million) during the year to June 2014.
- » On average, domestic overnight travellers spent \$127 per night (down 0.8%), as expenditure grew by 10.1% to \$323.1 Million for this group.
- » International tourists spent a total of \$107.0 Million, an increase of 19.8% compared to the year to June 2013. These travellers spent \$69 per night on average.



Trading Conditions

Trading activity in the Illawarra region made an encouraging improvement during the three months to September 2014.

- » Overall, a net 1.4% of local firms experienced positive trading conditions, an 8.1% pt improvement on the previous quarter.
- » Looking ahead, a net 16.3% of local firms are predicting improved trading conditions during the December quarter, up by 11.0% pts on the previous quarter and 4.0% pts under the long term expectation average.
- » For small businesses the *Trading Conditions Index* experienced a 4.6% pt lift, as a net 5.0% of businesses experienced weaker trading activity. A net 15.1% of local firms expect trading to further improve during the December quarter.
- » Large firms saw improvement across each of the key performance indicators during the September quarter as The *Trading Conditions Index* grew by 28.6% pts to climb out of negative territory.



Labour Market



Labour Market Statistics

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

- » On average, 133,000 persons were employed across the Illawarra SD, up by 5.5% compared to the previous year.
- » The average yearly ISD participation rate climbed by 2.2% pts to 59.3%.
- » The unemployment rate saw a 0.4% pt decrease, falling to 6.5% in average yearly terms.
- » There was a 5.3% rise in the average yearly youth unemployment rate, to 17.4%, up from 12.1% during the previous year.
- » On average, 5,142 locals received unemployment benefits, an increase of 8.7%. This was influenced by a change to payments which transferred Parenting Payment recipients to Newstart Allowance.

ISD labour market conditions saw some mixed conditions during the June 2014 quarter:

- » Average quarterly employment climbed to 136,900, a 1.9% increase on the three months to March.
- » The participation rate for the ISD remained steady at 59.8%.
- » The number of persons receiving unemployment benefits across the region dipped by 3.8% to 5,143.
- » There was a 0.8% dip in the average quarterly unemployment rate, to 5.4%. Youth unemployment (13.1%) improved by 6.4% during the June quarter.

Job Advertisements

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

- » A total of 3,201 jobs were advertised in the Illawarra region, a contraction of 18.0% from 3,905 in the previous twelve months.
- » 1,921 full time positions were advertised in the ISD (down 24.1%), while 1,275 part time positions were recorded, down by 9.1%.

The June quarter saw similar changes:

- » There was a 5.4% drop in the number of jobs advertised in the Illawarra Statistical District, falling to 758.
- » 433 full time positions were advertised, a 12.2% dip, while the volume of part time positions experienced a slight increase, up 9.7% to 340.

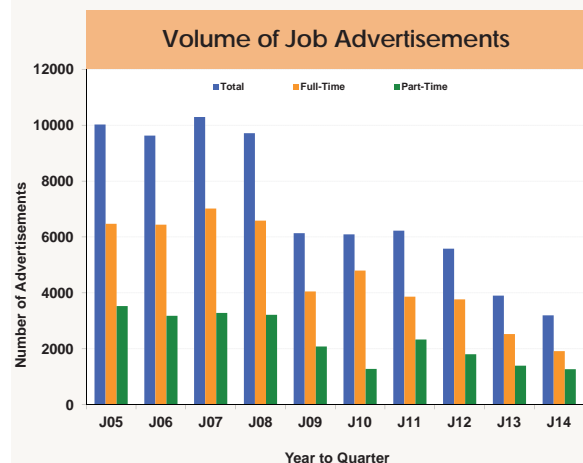
	Yr to J13 (Ave.)	Yr to J14 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	126.0	133.0
Unemployment Rate (%)	6.9	6.5
Participation Rate (%)	57.1	59.3
Youth Unemployment Rate (%)	12.1	17.4
Unemp. Benefit Recipients (No.)	4730	5142

Source: ABS Labour Force Survey

	M14 Qtr (Ave.)	J14 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	134.3	136.9
Unemployment Rate (%)	6.2	5.4
Participation Rate (%)	59.8	59.8
Youth Unemployment Rate (%)	19.4	13.1
Unemp. Benefit Recipients (No.)	5347	5143

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 June saw the number of advertised rental properties in the WSD decline, while the median rental price grew:

- » There was a reduction in the average number of units advertised per week (down 13.8% to 50), while the median weekly unit price increased 4.5% to \$345.
- » House advertisements followed a similar trend decreasing by 3.4% to a total of 28 listings. At the same time, the median weekly rental price recorded a 6.3% increase to \$425.
- » The Department of Housing recorded a 2.5% increase (to 3,676) in the volume of bond lodgements for units, while lodgements for houses were up 5.8% to 3,191.

The rental market experienced mixed conditions during the June quarter:

- » Average weekly rental listings for houses fell from 24 to 23, a 4.2% decline. On the other hand, listings for medium to high density properties lifted to an average of 46 per week, up 2.2%.

Rental Market - Selected Areas

Looking at selected areas during the twelve months to June:

- » In terms of houses, the Bulli to Woonona region saw the median rental price climb to \$462, up by 28.3%, while the areas covering Kiama (up 27.9% to \$550) and Albion Park/Albion Park Rail (up 4.0% to \$435) also saw increases.
- » Median unit prices continued to strengthen, with the exception of the Dapto/Kanahooka/Koonawarra area (down 3.4% to \$280) and the Unanderra to Mount Kembla area (down 5.1% to \$280), while the Wollongong/Figtree area remained unchanged at \$350.

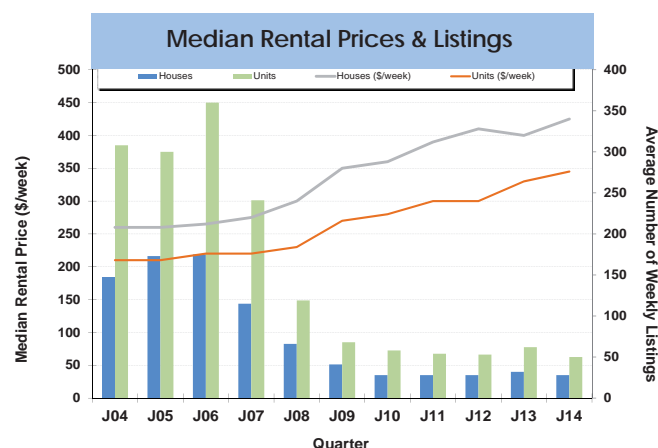
Table: Median Rents for Selected Areas

HOUSES	Year to Jun 13 \$/Week	Year to Jun 14 \$/Week	Yearly Change %	UNITS/TOWNHOUSES	Year to Jun 13 \$/Week	Year to Jun 14 \$/Week	Yearly Change %
Bulli/Woonona	360	462	28.3	Bulli/Woonona	330	380	15.2
Russell Vale to Fairy Meadow	450	447	-0.7	Russell Vale to Fairy Meadow	300	340	13.3
Wollongong to Figtree	420	450	7.1	Wollongong to Figtree	350	350	0.0
Unanderra to Mount Kembla	380	397	4.5	Unanderra to Mount Kembla	295	280	-5.1
Dapto, Kanahooka, Koonawarra	400	395	-1.3	Dapto, Kanahooka, Koonawarra	290	280	-3.4
Lake Heights to Windang	350	360	2.9	Lake Heights to Windang	230	240	4.3
Albion Park to Albion Park Rail	385	435	13.0	Albion Park to Albion Park Rail	350	395	12.9
Lake Illawarra South to Oak Flats	380	400	5.3	Lake Illawarra South to Oak Flats	280	322	15.0
Kiama	430	550	27.9	Kiama	370	440	18.9

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

RENTAL MARKET VALUES	Year to Jun 13	Year to Jun 14	Yearly Change (%)
HOUSES			
Median Weekly Rental (\$)	400	425	6.3
Average Weekly Listings (No.)	29	28	-3.4
UNITS - 1 Bedroom			
Median Weekly Rental (\$)	220	240	6.7
Average Weekly Listings (No.)	11	8	-27.3
UNITS - 2 Bedroom			
Median Weekly Rental (\$)	330	340	3.0
Average Weekly Listings (No.)	33	27	-18.2
UNITS - Total			
Median Weekly Rental (\$)	330	345	4.5
Average Weekly Listings (No.)	58	50	-13.8

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 June 2014:

- » WSD's median house price grew by 8.0% to \$470,000 with total sales increasing by 11.0% to 3,747. The median price paid for units in this region increased by 10.9% (to \$382,500) with 2,027 sales (down 9.5%). At the same time, the WSD median land price progressed by 2.0% (to \$260,000) as a total of 596 land lots were sold.
- » The median house price in Wollongong LGA reached \$477,000 (up 7.2%) with 2,422 sales. An 11.4% boost was seen in the median unit price, to \$385,000, while the median price for land lots experienced a decline (down 5.1%) to \$235,000.
- » Shellharbour LGA's median house price (\$412,000) gained 5.9% as sales in this region rose by 15.6% to 965. The median price for land (also up 5.9%) and units (up 9.4%) climbed to \$270,000 and \$349,500 respectively.
- » There was a rise of 7.2% in Kiama LGA's median house price, strengthening to \$595,000. Meanwhile, the median unit price increased by 14.5% to \$430,000. A total of 45 land lots were sold during this period as the median land price lifted by 30.4% to \$350,000.

There were mixed changes in the local property market during the June 2014 quarter:

- » 938 house sales were recorded in the WSD as the median house price strengthened by 2.1% to \$485,000. Wollongong LGA experienced a 4.2% increase, to \$492,500 with 641 sales, while Shellharbour (down 5.3% to \$410,000) and Kiama (down 10.7% to \$595,000) both experienced a reduction.
- » In terms of median unit prices across the Illawarra region, there was a 0.8% fall for the WSD (to \$390,000) and a 0.3% decline to \$495,000 in Wollongong LGA. Meanwhile Shellharbour (up 5.7% to \$364,000) and Kiama (up 7.8% to \$447,250) both experienced an increase.
- » 487 units were sold in the WSD, down 1.2%. Breaking this result into local government areas, Shellharbour experienced a 18.6% boost, to 83, while there were 3.7% fewer units sold in Wollongong, declining from 380 to 366 and 11.6% fewer units sold in Kiama, declining from 43 to 38.
- » There was a 25.5% drop in WSD's median land price, at \$272,000. Wollongong LGA lifted 3.4% to \$240,000 while Shellharbour fell 1.8% to \$280,000.

Looking at the WSD property market historically:

- » Since the year to December 2005, the median house price has gained 25.3% (from \$375,000), while the median unit price has strengthened by 27.5% (from \$300,000).

MEDIAN PROPERTY VALUES	Year to Jun 13	Year to Jun 14	Yearly Change
HOUSES			
Wollongong Statistical District	435,000	470,000	8.0
Wollongong LGA	445,000	477,000	7.2
Shellharbour LGA	389,000	412,000	5.9
Kiama LGA	555,000	595,000	7.2
UNITS/TOWNHOUSES			
Wollongong Statistical District	345,000	382,500	10.9
Wollongong LGA	345,500	385,000	11.4
Shellharbour LGA	319,475	349,500	9.4
Kiama LGA	375,500	430,000	14.5
LAND			
Wollongong Statistical District	255,000	260,000	2.0
Wollongong LGA	247,500	235,000	-5.1
Shellharbour LGA	255,000	270,000	5.9
Kiama LGA	268,500	350,000	30.4

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

SALES	Houses	Units	Land
Year to Jun 14			
Wollongong Statistical District	3,747	2,027	596
Wollongong LGA	2,422	1,583	284
Shellharbour LGA	965	289	267
Kiama LGA	360	155	45

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 June 2014:

- » ISD dwelling approvals totalled 2,116, up by 24.3% when compared to the previous year to June. This consisted of 1,455 house approvals (up 8.9%) and 661 unit approvals (up 80.1%).
- » Dwelling approvals around the ISD looked promising with Wollongong LGA rising 33.2% (to 783), Shellharbour LGA (up 29.7% to 485), Wingecarribee LGA (up 59.2% to 226) and Kiama LGA (up 306.7% to 61).
- » Shoalhaven experienced a 3.9% decline in approvals to 561.

The WSD experienced different results in terms of residential building approvals during the three months to June:

- » Residential approvals dropped 7.8% in the Illawarra SD, to 565, with a 5.2% surge in unit approvals strengthening to 222, while house approvals slumped to 343 (down 14.7%).
- » The number of approvals decreased in Wollongong LGA by 45.2% (to 138), Kiama LGA by 88.9% (to 4) and Wingecarribee LGA by 32.3% (to 67).
- » Meanwhile, Shellharbour and Shoalhaven LGA's lifted 80.0% (to 189) and 38.0% (to 167) respectively.

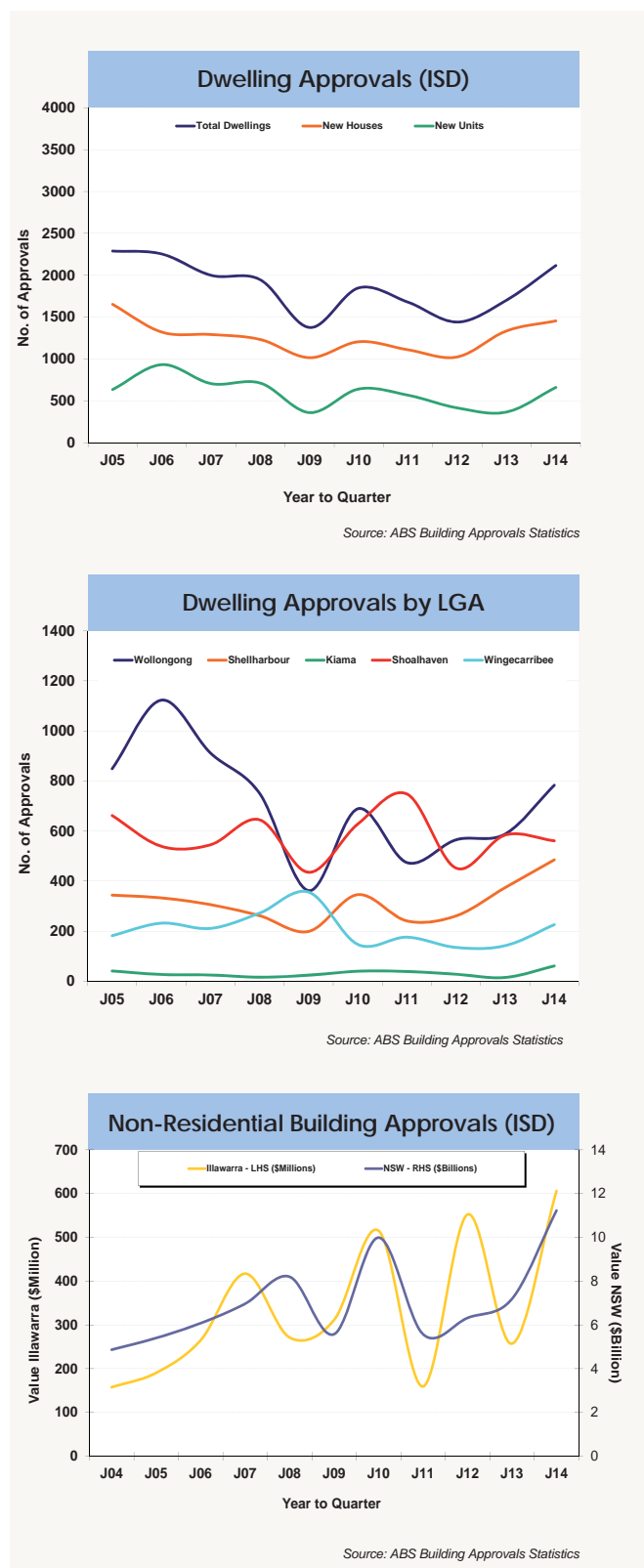
Non-Residential Building Approvals

The value of non-residential construction investment increased during the year to June 2014:

- » Non-residential approvals lifted by 144.6% to \$606.0 Million. The private sector strengthened by 45.7% to \$254.7 Million, while a 381.8% lift was seen in the public sector, to \$351.3 Million.
- » There was a 56.1% expansion in the value of commercial approvals in NSW (to \$11.2 Billion), comprising of \$8.3 Billion in private investment and \$3.0 Billion in public investment (up 94.0%).

During the three months to June:

- » The ISD saw non-residential building approvals weaken by 54.0% to \$64.6 Million. Public approvals fell to \$40.0 Million (down from \$74.1 Million) and private investment deteriorated to \$24.2 Million (down 63.5%).
- » In NSW, there was a 28.7% lift (to \$2.8 Billion) in non-residential approvals. This was attributed to a 71.5% rise (to \$2.4 Billion) in private investment, while public investment decreased by 49.3% (to \$386.4 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	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	C	\$18.0M
	IRT Pathways Project - 12 Lifestyle Units & 5 Bed Respite Centre	A	\$2.3M
NSW Public Works	Wollongong - Crown St Mall Redevelopment	C	\$19.0M
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 Road	U/C	\$444.0M
	Picton Road and Mount Ousley Road - Upgrade and realignment	C	\$5.5M
	Picton Road - Road Safety Strategy - a range of projects to upgrade the 27kms of Picton Road	U/C	\$53.0M
Housing NSW	Bellambi - 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

Further information & enquiries:

Simon Pomfret, Executive Director, or

Scott Gillis, Research Analyst

Phone: (02) 4285 4446

Fax: (02) 4285 4448

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

Email: research@iris.org.au

ACN 002 278 793

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.

Disclaimer

All possible care has been taken in the preparation of the information contained in this report. However, Illawarra Regional Information Service expressly disclaims any liability for the accuracy and sufficiency of the information and under no circumstances shall be liable in negligence or otherwise in and arising out of the preparation or supply of any of the information aforesaid. Persons who utilise the information provided herein do so at their own risk. It is recommended that before any reliance is placed upon the information provided, independent, expertise advice be sought.