



## Profile Illawarra

December 2014

### Highlights

- » During the year to September 2014, there were 995,000 domestic overnight visitors to the region, up by 6.4%. These travellers spent 14.4% more nights in the region, at 2.6 Million nights.
- » 16.1 Million tonnes of coal was produced during the twelve months to September, up 6.8% from 15.1 Million tonnes the previous year. At the same time, average employment decreased to 3,038 persons (down 15.7%).
- » The year to September saw Port Kembla experience a 0.4% increase in import levels, to 10.3 Million tonnes while export tonnage contracted to 16.3 Million tonnes (down 5.0%).

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#### Annual State of the Region

3,780 house sales

1,904 unit sales

431 land lot sales

Unemployment = 5.9%

Youth unemployment = 17.0%

133,600 employed persons

3,092 job ads

16.0M tonnes of coal

16.3M tonnes of exports

10.3M tonnes of imports

2.6M domestic visitor nights

Tourist spending = \$700.3M

- » A net 25.8% of local firms experienced positive trading conditions during the December quarter, up by 13.3% pts since the previous December quarter. This result falls 9.0% pts above the long term December quarter average.
- » WSD's median house price grew by 6.9% to \$480,000 with total sales increasing by 10.8% to 3,780. The median price paid for units in this region increased by 7.5% (to \$387,000) with 1,904 sales (down 2.9%).
- » Non-residential approvals lifted by 79.1% to \$541.0 Million. The private sector strengthened by 47.4% to \$252.4 Million, while a 120.6% lift was seen in the public sector, to \$288.6 Million.
- » ISD dwelling approvals totalled 2,325, up by 27.8% when compared to the previous year to September. This consisted of 1,545 house approvals (up 8.0%) and 780 unit approvals (up 100.5%).

# Trade

## Southern Mines Coal Production

Total coal production in the Illawarra increased while employment decreased during the year to September, 2014:

- » 16.1 Million tonnes of coal was produced, up by 6.8% from 15.1 Million tonnes the previous year. Meanwhile, average employment contracted to 3,038 persons (down 15.7%).
- » Productivity climbed to 5.3 thousand tonnes per employee during this period (up 26.7%).

A similar trend was seen during the three months to September:

- » Total coal production lifted to 4.6 Million tonnes, an increase of 35.5%.
- » Employment contracted by 2.5%, to 2,844 persons, while productivity lifted 38.9% to 1.6 thousand tonnes per person.

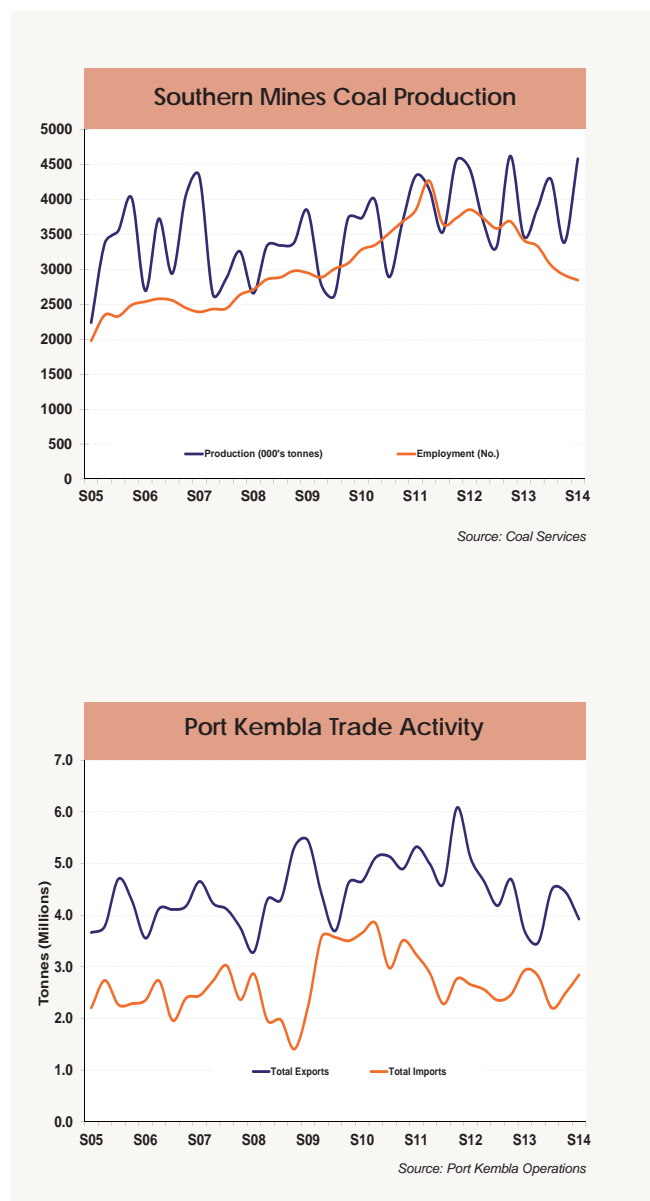
## Port Kembla Trade

The year to September saw import levels increase while exports decreased:

- » Port Kembla experienced a 0.4% increase in import levels, to 10.3 Million tonnes. Meanwhile export tonnage contracted to 16.3 Million tonnes, down from 17.2 Million tonnes recorded the previous year.

The September quarter saw trade activity experience mixed conditions:

- » Imports totalled 2.8 Million tonnes, up by 12.4% compared to the June quarter result of 2.5 Million tonnes.
- » In contrast, export tonnage decreased by 11.8% to 3.9 Million tonnes.
- » The primary import into Port Kembla comprised of overseas assembled passenger vehicles which were up 12.3% on the previous quarter.
- » The primary exports out of Port Kembla comprised of bulk coal and coke at 3.5 million tonnes.



# Tourism & Business Conditions



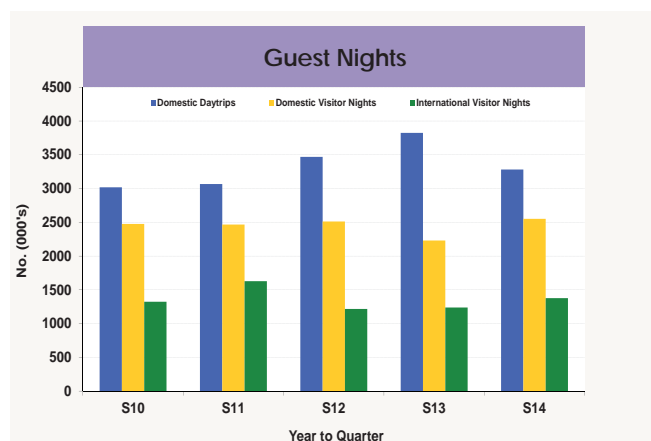
## Tourism Activity (WSD)

According to Destination NSW, the number of domestic visitor nights increased while visitors spent more on average per night in the WSD:

- » In total, there were 995,000 domestic overnight visitors to the region, up by 6.4%. These travellers spent 14.4% more nights in the region, at 2.6 Million nights.
- » Domestic daytrips to the WSD fell 14.2% to 3.3 Million, down from 3.8 Million during the previous year.
- » 1.4 Million visitor nights (up 11.2%) were spent in the Wollongong Statistical District by a total of 53,000 international travellers.

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

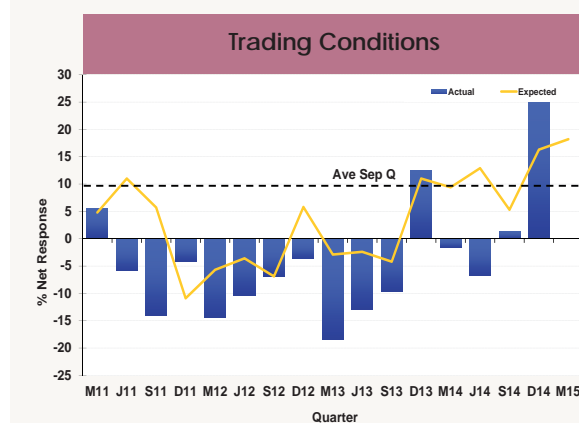
- » Tourism expenditure to the WSD totalled \$700.3 Million, a 3.7% decrease on the year to September 2013 result of \$727.4 Million.
- » Domestic daytrip travellers spent an average of \$85 per day in the WSD (down 5.6%), while daytrip expenditure fell by 18.9% (to \$279.0 Million) during the year to September 2014.
- » On average, domestic overnight travellers spent \$129 per night (up 0.8%), as expenditure grew by 15.3% to \$329.1 Million for this group.
- » International tourists spent a total of \$92.3 Million, a decrease of 5.7% compared to the year to September 2013. These travellers spent \$67 per night on average, down 15.2%.



## Trading Conditions

Trading activity in the Illawarra region experienced a very positive shift during the three months to December 2014.

- » Overall, a net 25.8% of local firms experienced positive trading conditions, a 13.3% pt improvement on the previous quarter.
- » Looking ahead, a net 18.2% of local firms are predicting improved trading conditions during the March, 2015 quarter, up by 1.9% pts on the previous quarter and 4.0% pts above the long term expectation average.
- » For small businesses the *Trading Conditions Index* experienced a 25.5% pt lift, as a net 20.5% of businesses experienced stronger trading activity. A net 16.4% of these firms expect trading to further improve during the March quarter.
- » Large firms experienced the biggest improvement across each of the key performance indicators during the December quarter as the *Trading Conditions Index* grew by 57.1% pts. A further net 42.9% of large businesses expect improved conditions during the March, 2015 quarter.





# Labour Market



## Labour Market Statistics

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

- » On average, 134,000 persons were employed across the Illawarra SD, up by 5.2% compared to the previous year.
- » The average yearly ISD participation rate experienced a 1.6% pt increase to 58.9%.
- » The unemployment rate saw a 0.9% pt decrease, falling to 5.9% in average yearly terms.
- » In contrast there was a 3.8% pt rise in the average yearly youth unemployment rate, to 17.0%, up from 13.2% during the previous year.
- » On average, 5,129 locals received unemployment benefits, an increase of 3.7%. This was influenced by a change to payments which transferred Parenting Payment recipients to Newstart Allowance.

The ISD labour market weakened during the September 2014 quarter:

- » Average quarterly employment fell to 130,900, a 4.4% reduction on the three months to June.
- » The participation rate for the ISD fell to 56.9%, a drop of 2.9% pts.
- » The number of persons receiving unemployment benefits across the region dipped by 2.3% to 5,023.
- » There was a 0.3% increase in the average quarterly unemployment rate, to 5.7%. Youth unemployment (17.4%) worsened by 4.3% during the September quarter.

## Job Advertisements

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

- » A total of 3,092 jobs were advertised in the Illawarra region, a contraction of 15.6% from 3,662 in the previous twelve months.
- » 1,879 full time positions were advertised in the ISD (down 20.4%), while 1,217 part time positions were recorded, down by 7.6%.

The September quarter saw slightly more positive changes:

- » There was a 0.8% increase in the number of jobs advertised in the Illawarra Statistical District, to 764.
- » 486 full time positions were advertised, a 12.2% increase, while the volume of part time positions experienced a decrease, down 15.6% to 287.

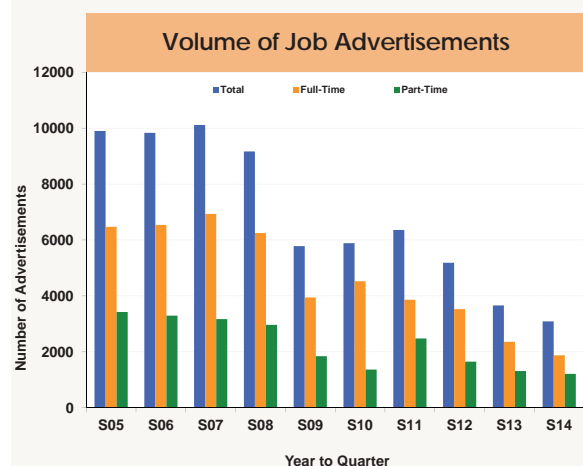
	Yr to S13 (Ave.)	Yr to S14 (Ave.)
<b>ISD Labour Market Statistics</b>		
Employment (000's)	127.0	133.6
Unemployment Rate (%)	6.8	5.9
Participation Rate (%)	57.3	58.9
Youth Unemployment Rate (%)	13.2	17.0
Unemp. Benefit Recipients (No.)	4946	5129

Source: ABS Labour Force Survey

	J14 Qtr (Ave.)	S14 Qtr (Ave.)
<b>ISD Labour Market Statistics</b>		
Employment (000's)	136.9	130.9
Unemployment Rate (%)	5.4	5.7
Participation Rate (%)	59.8	56.9
Youth Unemployment Rate (%)	13.1	17.4
Unemp. Benefit Recipients (No.)	5143	5023

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 & Consumer Sentiment



## Rental Market

The year to September 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 14.5% to 47), while the median weekly unit price rose to \$350 per week (up 6.1%).
- » House advertisements followed a similar trend decreasing by 23.3% to a total of 23 listings. At the same time, the median weekly rental price recorded a 6.2% increase to \$430.
- » The Department of Housing recorded a 2.3% increase (to 3,654) in the volume of bond lodgements for units, while lodgements for houses were up 3.0% to 3,112.

The rental market tightened during the September quarter:

- » Average weekly rental listings for houses fell from 23 to 16, a 30.4% decline while listings for medium to high density properties fell to an average of 43 per week, down 6.5%.
- » The median weekly rental price remained on par with the previous

RENTAL MARKET VALUES	Year to Sep 13	Year to Sep 14	Yearly Change (%)
<b>HOUSES</b>			
Median Weekly Rental (\$)	405	430	6.2
Average Weekly Listings (No.)	30	23	-23.3
<b>UNITS - 1 Bedroom</b>			
Median Weekly Rental (\$)	230	240	4.3
Average Weekly Listings (No.)	11	7	-36.4
<b>UNITS - 2 Bedroom</b>			
Median Weekly Rental (\$)	330	340	4.3
Average Weekly Listings (No.)	30	27	-10.0
<b>UNITS - Total</b>			
Median Weekly Rental (\$)	330	350	6.1
Average Weekly Listings (No.)	55	47	-14.5

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

## Consumer Sentiment

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

- » The *Illawarra Consumer Sentiment Index* dropped 4 pts to 75 pts, 13 pts below the long term average for a December quarter.
- » Nationally, Westpac's *Australian Consumer Sentiment Index* rose 3 pts to 97 pts compared to the June 2014 quarter result. This is 9 pts below the long term December average of 105 pts.

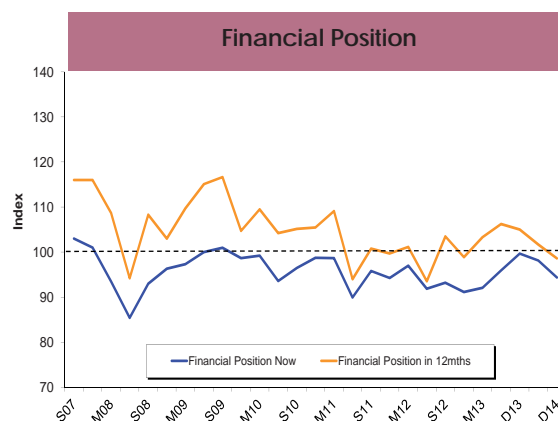
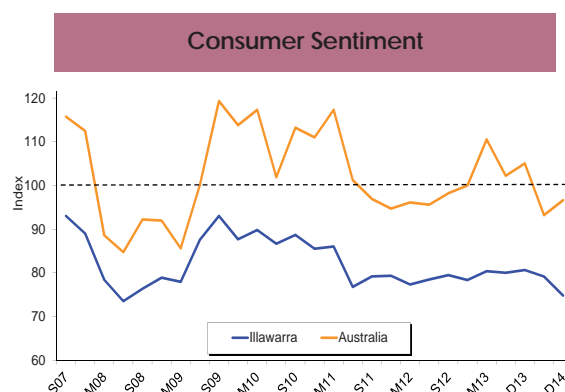
In terms of purchase plans over the three months to December:

- » 39.0% of locals enjoyed recreation & travel activities, up 4.7% pts compared to the June, 2014 quarter and 6.9% 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 2014 the perceived financial position weakened amongst Illawarra households:

- » The Current Financial Position Index lost 4 pts during the past six months to sit at 94 pts. This is 4 pts below the long term December quarter average.
- » Looking ahead, the future Financial Position Index sat at 99 pts, a 3 pt contraction compared to the previous measure.
- » This result falls 11 pts under the long term December quarter average of 110 pts.



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 September 2014:

- » WSD's median house price grew by 6.9% to \$480,000 with total sales increasing by 10.8% to 3,780. The median price paid for units in this region increased by 7.5% (to \$387,000) with 1,904 sales (down 2.9%). At the same time, the WSD median land price progressed by 4.9% (to \$267,500) as a total of 431 land lots were sold.
- » The median house price in Wollongong LGA reached \$485,000 (up 6.6%) with 2,438 sales. A 7.0% boost was seen in the median unit price, to \$387,750, while the median price for land lots experienced a 4.6% increase to \$242,000.
- » Shellharbour LGA's median house price (\$425,000) gained 7.6% as sales in this region rose by 15.4% to 984. The median price for land (up 9.6%) and units (up 10.1%) climbed to \$285,000 and \$359,000 respectively.
- » There was a rise of 8.9% in Kiama LGA's median house price, strengthening to \$610,000. Meanwhile, the median unit price increased by 10.1% to \$431,500. A total of 40 land lots were sold during this period as the median land price lifted by 36.5% to \$355,000.

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

- » 904 house sales were recorded in the WSD as the median house price strengthened by 0.1% to \$485,500. Wollongong LGA experienced a 0.6% increase, to \$495,000 with 591 sales, while Shellharbour (up 2.9% to \$437,250) and Kiama (up 5.0% to \$625,000) also experienced growth.
- » In terms of median unit prices across the Illawarra region, there was a 1.3% fall for the WSD (to \$385,000) and a 3.8% decline to \$380,000 in Wollongong LGA. Meanwhile Shellharbour (up 4.4% to \$371,000) and Kiama (up 1.1% to \$450,000) both experienced an increase.
- » 380 units were sold in the WSD, down 1.3%. Breaking this result into local government areas, Wollongong experienced a 19.9% decline, to 297, while there were 38.4% fewer units sold in Shellharbour, declining from 86 to 53 and 18.9% fewer units sold in Kiama, declining from 37 to 30.
- » There was a 9.9% lift in WSD's median land price, at \$305,000. Wollongong LGA lifted 2.4% to \$253,500 while Shellharbour rose 28.6% to \$355,000.

Looking at the WSD property market historically:

- » Since the year to September 2005, the median house price has gained 27.3% (from \$377,000), while the median unit price has strengthened by 29.0% (from \$300,000).

MEDIAN PROPERTY VALUES	Year to Sep13	Year to Sep 14	Yearly Change
<b>HOUSES</b>			
Wollongong Statistical District	449,000	480,000	6.9
Wollongong LGA	455,000	485,000	6.6
Shellharbour LGA	395,000	425,000	7.6
Kiama LGA	560,000	610,000	8.9
<b>UNITS/TOWNHOUSES</b>			
Wollongong Statistical District	360,000	387,000	7.5
Wollongong LGA	362,500	387,750	7.0
Shellharbour LGA	326,000	359,000	10.1
Kiama LGA	392,000	431,500	10.1
<b>LAND</b>			
Wollongong Statistical District	255,000	267,500	4.9
Wollongong LGA	231,250	242,000	4.6
Shellharbour LGA	260,000	285,000	9.6
Kiama LGA	260,000	355,000	36.5

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

SALES	Houses	Units	Land
<b>Year to Sep 14</b>			
Wollongong Statistical District	3,780	1,904	431
Wollongong LGA	2,438	1,462	257
Shellharbour LGA	984	284	134
Kiama LGA	358	158	40

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 September 2014:

- » ISD dwelling approvals totalled 2,325, up by 27.8% when compared to the previous year to September. This consisted of 1,545 house approvals (up 8.0%) and 780 unit approvals (up 100.5%).
- » Dwelling approvals around the ISD looked promising with Wollongong LGA rising 16.4% (to 793), Shellharbour LGA (up 32.0% to 520), Wingecarribee LGA (up 164.4% to 344) and Kiama LGA (up 140.9% to 53).
- » Shoalhaven experienced the smallest increase in dwelling approvals, up 3.9% to 615.

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

- » Residential approvals climbed 18.9% in the Illawarra SD, to 672, with a 33.8% surge in house approvals strengthening to 459, while unit approvals slumped to 213 (down 4.1%).
- » The number of approvals decreased in Shellharbour LGA by 32.8% (to 127) and Kiama LGA by 75.0% (to 1).
- » Meanwhile, Wollongong and Shoalhaven LGA's lifted 45.7% (to 201) and 18.6% (to 198) respectively.

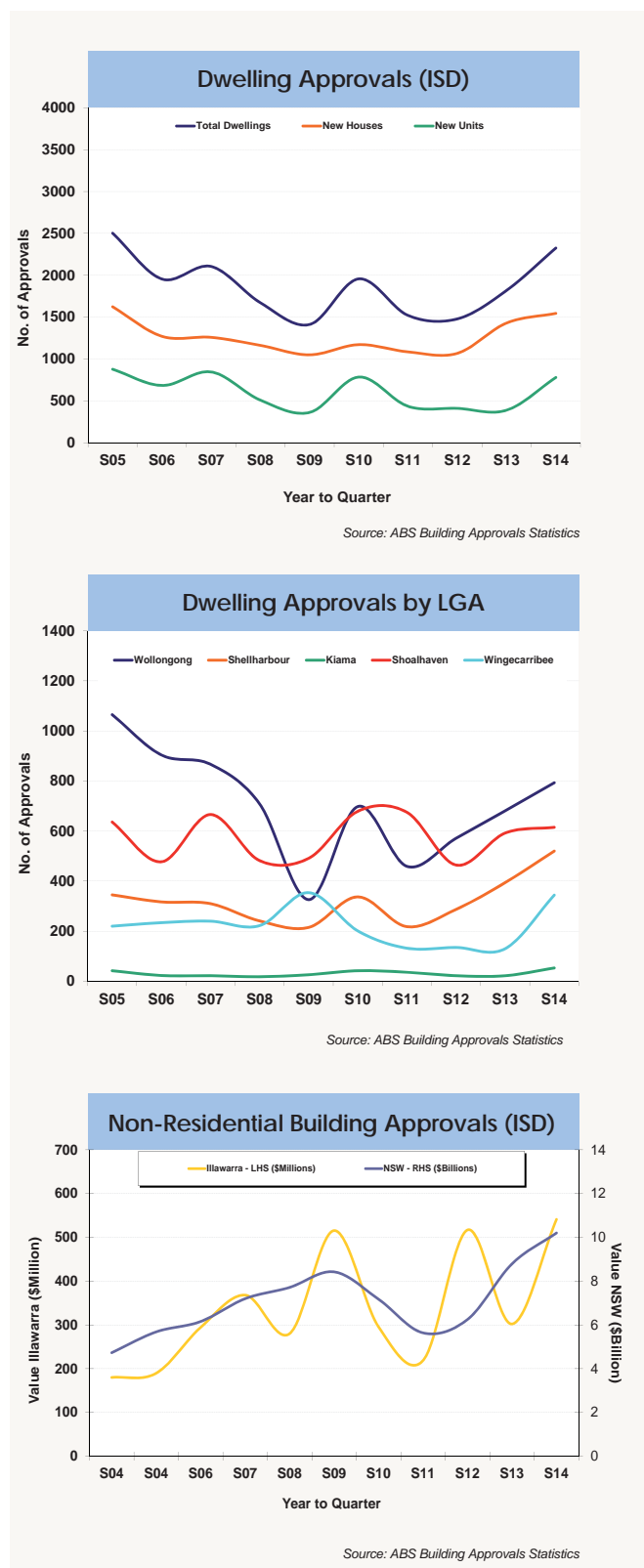
## Non-Residential Building Approvals

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

- » Non-residential approvals lifted by 79.1% to \$541.0 Million. The private sector strengthened by 47.4% to \$252.4 Million, while a 120.6% lift was seen in the public sector, to \$288.6 Million.
- » There was a 15.5% expansion in the value of commercial approvals in NSW (to \$10.2 Billion), comprising of \$7.8 Billion in private investment and \$2.3 Billion in public investment (up down 1.6%).

During the three months to September:

- » The ISD saw non-residential building approvals weaken by 18.0% to \$53.0 Million. Public approvals fell to \$5.1 Million (down from \$40.4 Million) and private investment lifted to \$48.0 Million (up 97.5%).
- » In NSW, there was a 30.4% drop (to \$1.9 Billion) in non-residential approvals. This was attributed to a 32.4% drop (to \$1.6 Billion) in private investment and an 18.0% drop (to \$16.7 Billion) in public approvals.



# 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	Kiama - New Community Health Building	U/C	\$2.2M
	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	U/C	\$3.4M
NSW Public Works	Wollongong - Crown St Mall Redevelopment	C	\$22.0M
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	New Works - Bus Interchange - Northfields Avenue	U/C	\$1.5M
	Early Start Building	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	C	\$53.0M
Housing NSW	Bellambi - Bramsen Street development	U/C	\$3.6M
Wollongong LGA	Yallah - construction of new McDonalds operation including McCafe, Drive through, works etc	A	\$3.6M
	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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