



# Illawarra Real Estate Report

December 2014

## Summary

During the year to September 2014 the Wollongong Statistical District (WSD) experienced a 24.5% increase in the overall volume of dwelling approvals to 1,366. The Illawarra Statistical District (ISD) also experienced promising results, with 2,325 dwellings approved, up by 27.8% on the previous year.

The WSD non-residential building sector recorded a 1.5% drop in the value of non-residential building approvals (to \$246.4 Million), while ISD approvals climbed 79.1% to \$541.0 Million, up from \$302.0 Million.

The WSD median house price lifted 6.9% to \$480,000, while the median price paid for flats, units and townhouses rose 7.5% to \$387,000. At the same time there was a 4.7% advancement in the median land price, to \$267,000.

The WSD rental market favoured landlords as the median weekly price for units, flats and townhouses lifted to \$350 (up 6.1%), while the median advertised price for rental houses lifted 6.2% to \$430 per week.

Summary Table	Yr to Sep 13	Yr to Sep 14	Change %
<b>Wollongong Statistical District</b>			
Median House Price (\$)	449,000	480,000	6.9
Median Flat/Unit Price (\$)	360,000	387,000	7.5
Median Land Price (\$)	255,000	267,000	4.7
Median Weekly Rent Houses (\$)	405	430	6.2
Median Weekly Rent Units (\$)	330	350	6.1
Non-Res Building (\$ Million)	250.1	246.4	-1.5
Dwelling Approvals (No.)	1,097	1,366	24.5
<b>Illawarra Statistical District</b>			
Non-Res Building (\$ Million)	302.0	541.0	79.1
Dwelling Approvals (No.)	1,819	2,325	27.8

## Wollongong Statistical District

The surge in property prices throughout the Wollongong Statistical District tapered during the September 2014 quarter:

- » The three months to September saw the median house price remain steady at \$485,000.
- » The median unit price experienced a minor contraction, falling 1.5% to \$384,000.
- » The WSD median land price also contracted slightly, falling 0.3%, to \$279,250.

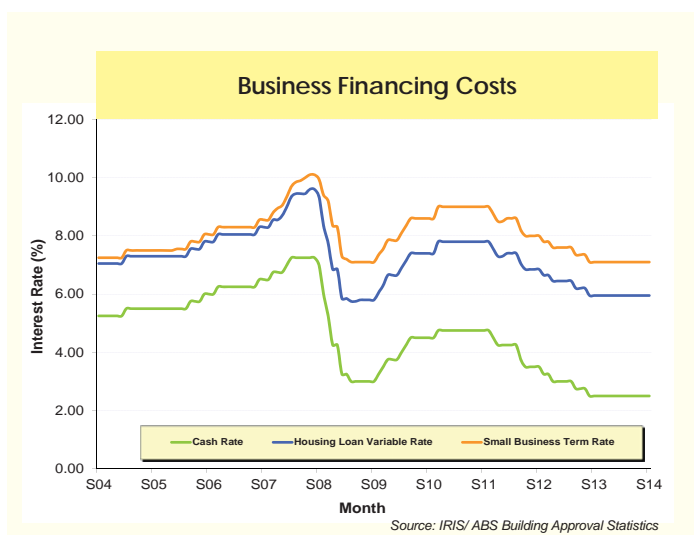
## Borrowing Costs

The Reserve Bank of Australia continued to keep business and household borrowing costs in the Illawarra at an all-time low during the September quarter:

- » The cash rate and standard bank housing loan variable rate have both remained unchanged at 2.50% and 5.95% respectively.
- » The RBA's decision to keep interest rates low has continued to generate demand for new houses in the ISD with the number of dwelling approvals strengthening by 27.8% during the past 12 months (to 2,325).
- » The small business term rate, an indicator of the long-term cost of borrowing for small businesses, has paralleled the stable trend of borrowing costs, remaining steady at 7.10% during the September quarter.

Wollongong SD	Jun 14 Qtr \$	Sep 14 Qtr \$	Quarterly Change %
Median House Price	485,000	485,000	0.0
Median Flat/Unit Price	390,000	384,000	-1.5
Median Land Price	280,000	279,250	-0.3

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



Source: IRIS/ ABS Building Approval Statistics

# Residential Property Market

## Housing Prices

The median house price throughout the ISD experienced further growth during the year to September 2014:

- » Wollongong LGA (up 6.6%), Kiama (up 8.9%) and Shellharbour (up 7.6%) saw their respective median house prices climb to \$485,000, \$610,000 and \$425,000.
- » Turning to the Illawarra Balance; Wingecarribee LGA saw the median house price climb by 1.4% to \$425,000, while Shoalhaven LGA was up by 5.1% during the year to September 2014 (to \$352,000).

The September quarter result revealed:

- » Wollongong was the only LGA not to experience a lift in the median house price, remaining steady at \$492,500.
- » Shellharbour experienced a 3.8% increase (to \$440,000), while the median house price in Kiama (up 5.9%), Wingecarribee (up 1.8%) and Shoalhaven (up 1.4%) lifted to \$630,000, \$422,500 and \$360,000 respectively.

## Flat/Unit Prices

Property prices for medium to high density dwellings advanced across the WSD during the twelve months to September:

- » The median unit price in Wollongong LGA continued to grow, lifting 7.0% to \$388,000, while advancing 8.9% (to \$355,000) in Shellharbour.
- » Kiama (up 9.7%) and Wingecarribee (up 17.8%) again experienced the largest increases in property prices during this period, progressing to \$430,000 and \$457,500 respectively.
- » On the other hand, Shoalhaven LGA defied the trend, experiencing a 3.8% contraction to \$268,000.

Contrasting results were recorded for the September 2014 quarter:

- » Wollongong LGA (down 3.8%), Kiama LGA (down 1.1%), Shoalhaven LGA (down 0.4%) and Wingecarribee LGA (down 15.8%) all experienced decline.
- » On the other hand, growth was experienced in Shellharbour LGA, up 3.8% (to \$365,500).

## Land Prices

The year to September saw median land prices experience growth throughout the WSD:

- » The median land price in Wollongong LGA, Shellharbour LGA, and Kiama LGA grew 3.2%, 9.6% and 34.0% respectively.
- » The median land price fell for Shoalhaven and Wingecarribee, to \$148,000 (down 1.7%) and \$200,000 (down 8.3%) respectively.

Median land prices progressed during the September quarter with the exception of Kiama LGA and Shellharbour LGA:

- » The median price paid for a land lot in Wollongong LGA lifted 7.9% to \$260,000 while Shoalhaven (up 2.7% to \$150,000), and Wingecarribee (up 8.2% to \$238,000) also experienced increases in the median land price.

House Prices	Yr to Sep 13 \$	Yr to Sep 14 \$	Yearly Change %
Wollongong LGA	445,000	485,000	6.6
Shellharbour LGA	395,000	425,000	7.6
Kiama LGA	560,000	610,000	8.9
Shoalhaven LGA	335,000	352,000	5.1
Wingecarribee LGA	419,000	425,000	1.4
Flat/Unit Prices	Yr to Sep 13 \$	Yr to Sep 14 \$	Yearly Change %
Wollongong LGA	362,500	388,000	7.0
Shellharbour LGA	326,000	355,000	8.9
Kiama LGA	392,000	430,000	9.7
Shoalhaven LGA	278,500	268,000	-3.8
Wingecarribee LGA	388,500	457,500	17.8
Land Prices	Yr to Sep 13 \$	Yr to Sep 14 \$	Yearly Change %
Wollongong LGA	232,500	240,000	3.2
Shellharbour LGA	260,000	285,000	9.6
Kiama LGA	265,000	355,000	34.0
Shoalhaven LGA	150,500	148,000	-1.7
Wingecarribee LGA	218,000	200,000	-8.3

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

House Prices	Yr to Sep 13 \$	Yr to Sep 14 \$	Yearly Change %
Austinmer/Thirroul	693,450	770,000	11.0
Bulli/Woonona	566,500	630,000	11.2
Russell Vale to Fairy Meadow	470,000	540,000	14.9
Wollongong to Figtree	476,000	520,000	9.2
Unanderra to Mt Kembla	422,125	422,500	4.8
Dapto, Kanahooka, Koonawarra	350,000	387,500	10.7
Lake Heights to Windang	345,000	372,000	7.8
Lake Illawarra Sth to Oak Flats	349,500	381,250	9.1
Shellharbour	510,250	550,000	7.8
Kiama	550,000	620,000	12.7
Flat/Unit Prices	Yr to Sep 13 \$	Yr to Sep 14 \$	Yearly Change %
Bulli/Woonona	365,000	415,000	13.7
Russell Vale to Fairy Meadow	333,000	340,750	2.3
Wollongong to Figtree	368,000	403,000	9.5
Dapto, Kanahooka, Koonawarra	285,000	315,000	10.5
Lake Illawarra Sth to Oak Flats	285,000	286,500	0.5
Kiama	399,000	433,000	8.5

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

# Building Approvals

## Residential Building Approvals

The total number of dwelling approvals throughout the ISD increased in both yearly and quarterly terms:

- » The Illawarra SD saw dwelling approvals total 2,325 during the 12 months to September (up 27.8%). This consisted of 780 unit approvals (up 100.5%) and 1,545 house approvals, (up 8.0%).
- » The WSD experienced similar growth with dwelling approvals experiencing a 24.5% increase to 1,366. Breaking this result down, houses recorded a 5.1% drop to 756 while the quantity of flats, units and townhouses approved surged 103.3% to 610.

The September quarter also recorded growth in total dwelling approvals:

- » An 18.9% increase was recorded for the ISD, totalling 672. This consisted of a 4.1% contraction in unit approvals to 213, while house approvals grew by 33.8% to 459.

## Cost of Residential Building Approvals

The upward trend in the value of residential building approvals continued during the year to September 2014:

- » In the WSD, residential approvals recorded a total value of \$38.3 Million (up 25.8%).
- » The Illawarra SD saw residential approvals progress 29.3% (to \$628.4 Million) compared to the previous year.
- » The value of NSW approvals reached \$13.2 Billion, an increase of 20.9% from \$10.9 Billion.

The September quarter result has revealed:

- » The total value of residential approvals in the ISD increased by 32.1% to \$182.3 Million, while WSD experienced a 16.8% lift to \$95.0 Million.

## Non-Residential Building Approvals

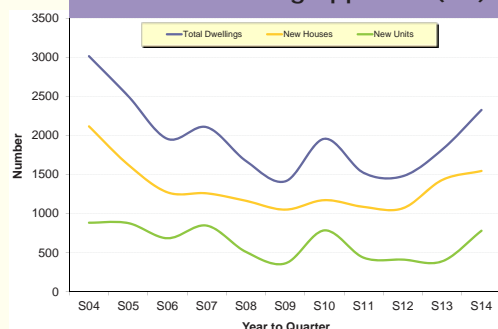
Non-residential construction investment experienced mixed conditions during the three months to September:

- » Private investment grew to \$47.8 Million while public investment fell to \$5.1 Million in the ISD, thus reducing non-residential approvals to a total of \$53.0 Million (down by 18.0%).
- » The Wollongong Statistical District saw the cost of approvals weaken by 6.2% to \$27.6 Million throughout the three months to September.

The year to September 2014, revealed the following key results:

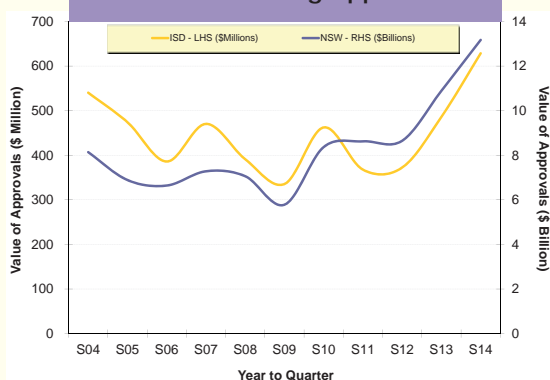
- » Non-residential approvals recorded a total of \$541.0 Million for the ISD (up 79.1%). Private and public investment both surged, increasing 47.4% (to \$252.4 Million) and 120.6% (to \$288.6 Million) respectively.
- » Breaking down the results by category, the sectors with decreases in investment were; factories (to \$4.0 Million), education (to \$31.9 Million), and entertainment and recreation (to \$9.9 Million).
- » At the same time, increases in the value of approvals were recorded for hotels (to \$26.4 Million), shops (to \$46.5 Million), offices (to \$25.1 Million), other business premises (to \$53.9 Million), religious buildings (to \$4.9 Million), health (to \$137.2 Million) and miscellaneous (to \$201.2 Million).
- » NSW commercial building approvals lifted considerably, up 15.5%. This was due to a 21.7% increase in private investment to \$7.8 Billion while public investment dropped 1.6% to \$2.3 Billion.

Number of Dwelling Approvals (ISD)



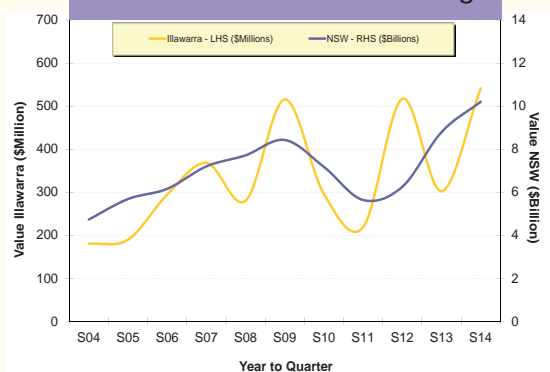
Source: IRIS/ ABS Building Approval Statistics

Value of Dwelling Approvals



Source: IRIS/ ABS Building Approval Statistics

Value of Non-Residential Building



Source: IRIS/ ABS Building Approval Statistics

Non-Residential Building by Sector



Source: IRIS/ ABS Building Approval Statistics

# Rental Market

## Rental Market

The year to September saw the number of advertised rental properties available in the WSD decline, while the median rental price grew:

- » The number of units advertised per week fell 14.5% to 47, while the median weekly unit price increased 6.1% to \$350.
- » House advertisements followed a similar trend decreasing by 23.3% to a total of 23 listings per week. 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 experienced mixed conditions during the September quarter:

- » Average weekly rental listings for houses fell from 23 to 16, a 30.4% decline. Listings for medium to high density properties fell to an average of 43 per week, down 6.5%.
- » The median weekly rental price lifted slightly compared to the previous quarter at \$430 for houses, while rental prices for units increased by 1.5% to \$340.
- » 781 bonds were lodged for houses (up 6.4%), while the number of new bonds lodged for flats, units and townhouses lifted 3.9% to 885.
- » The Wollongong SD saw the rental vacancy rate contract to an average of 2.0% during the three months to September while the vacancy rate in Sydney remained steady at 1.8%.

Turning to the Illawarra balance and Shoalhaven's median rental price increased, while Wingeacarrabee decreased:

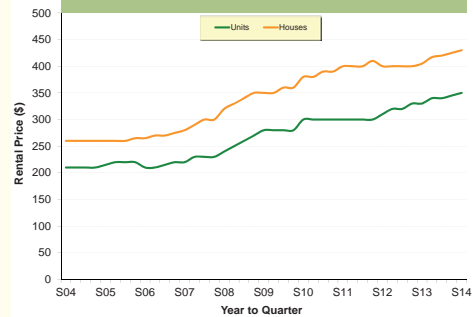
- » The median weekly rental price for three bedroom dwellings rose to \$310 in the Shoalhaven LGA, while decreasing 3.4% to \$372 in the Wingeacarrabee LGA.
- » Two bedroom dwellings in the Shoalhaven LGA lifted compared to the previous quarters result to sit at \$268 per week while falling 3.2% (to \$300) in the Wingeacarrabee LGA.

## Further information & enquiries:

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### Rental Values (WSD)



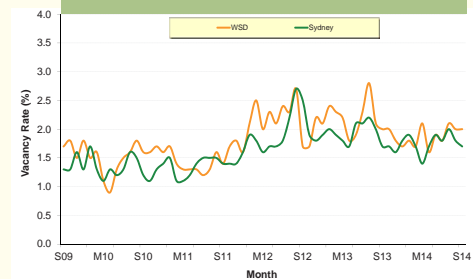
Source: IRIS/ Illawarra Mercury Housing Database

### Rental Listings (WSD)



Source: IRIS/ Illawarra Mercury Housing Database

### Rental Vacancy Rates (WSD)



Source: Real Estate Institute of NSW (2013)

## Report Notes

The Illawarra Real Estate Report is produced quarterly by IRIS as an indicator of the regional economy. Information is based on data sourced from ABS publications, the Real Estate Institute of NSW, the State Government and from the IRIS database.

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