



Profile Illawarra

March 2015

Highlights

- » During the year to December 2014, there were 1,100,000 domestic overnight visitors to the region, up by 24.7%. These travellers spent 26.1% more nights in the region, at 2.8 Million nights.
- » 16.8 Million tonnes of coal was produced, up by 10.1% from 15.3 Million tonnes the previous year. Meanwhile, average employment contracted to 2,915 persons (down 16.8%).
- » The year to September saw Port Kembla experience a 1.2% decrease in import levels, to 10.4 Million tonnes. Meanwhile export tonnage grew to 17.2 Million tonnes, up from 16.0 Million tonnes recorded the previous year.

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Annual State of the Region

3,21 house sales

1,799 unit sales

392 land lot sales

Unemployment = 5.7%

Youth unemployment = 15.6%

133,400 employed persons

3,094 job ads

16.8M tonnes of coal

17.2M tonnes of exports

10.4M tonnes of imports

2.8M domestic visitor nights

Tourist spending = \$716.1M

- » Overall, a net 9.8% of local firms experienced positive trading conditions, an 11.4% pt improvement on the previous March quarter.
- » WSD's median house price grew by 9.3% to \$495,000 with total sales increasing by 8.5% to 3,821. The median price paid for units in this region increased by 9.6% (to \$400,000) with 1,799 sales (down 3.8%).
- » Non-residential approvals fell by 39.2% to \$317.0 Million. The private sector weakened by 21.6% to \$181.3 Million, while a 53.2% decline was seen in the public sector, to \$135.7 Million.
- » The Illawarra SD saw dwelling approvals total 2,696 during the 12 months to December (up 40.2%). This consisted of 1,028 unit approvals (up 141.3%) and 1,668 house approvals, (up 11.4%).

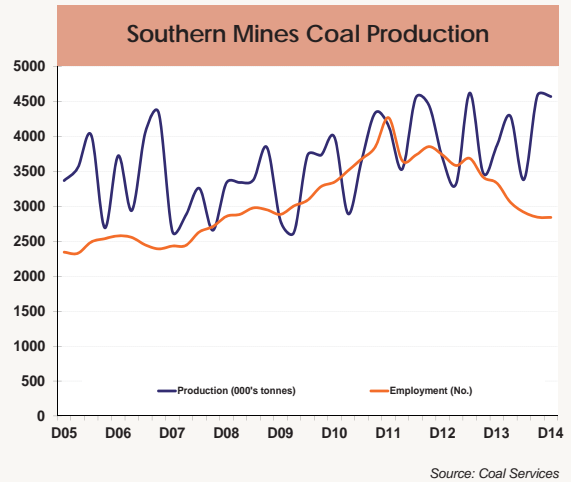
Southern Mines Coal Production

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

- » 16.8 Million tonnes of coal was produced, up by 10.1% from 15.3 Million tonnes the previous year. Meanwhile, average employment contracted to 2,915 persons (down 16.8%).
- » Productivity climbed to 5.8 thousand tonnes per employee during this period (up 32.4%).

Quarterly coal production remained on par with September, 2014:

- » Total coal production remained at 4.6 Million tonnes.
- » Employment remained at 2,840 persons, while productivity stood at 1.6 thousand tonnes per person.



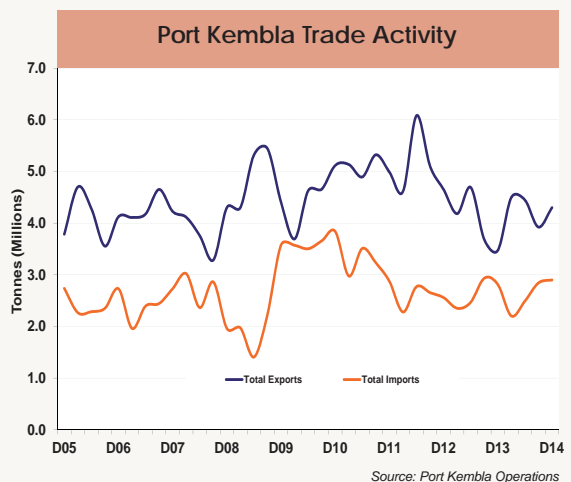
Port Kembla Trade

The year to December saw both import levels decrease while export levels increased:

- » Port Kembla experienced a 1.2% decrease in import levels, to 10.4 Million tonnes. Meanwhile export tonnage grew to 17.2 Million tonnes, up from 16.0 Million tonnes recorded the previous year.

The December quarter saw trade activity experience positive conditions:

- » Imports totalled 2.9 Million tonnes, up by 2.0% compared to the September quarter result of 2.8 Million tonnes.
- » Export tonnage increased by 9.6% to 4.3 Million tonnes.



Tourism & Business Conditions



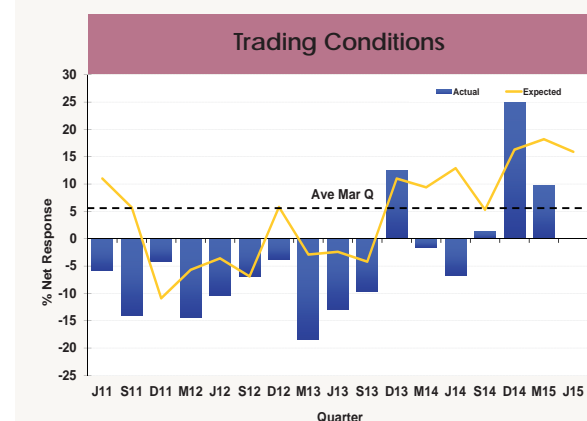
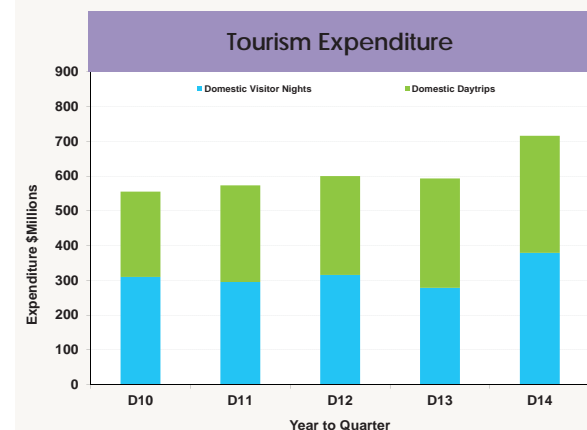
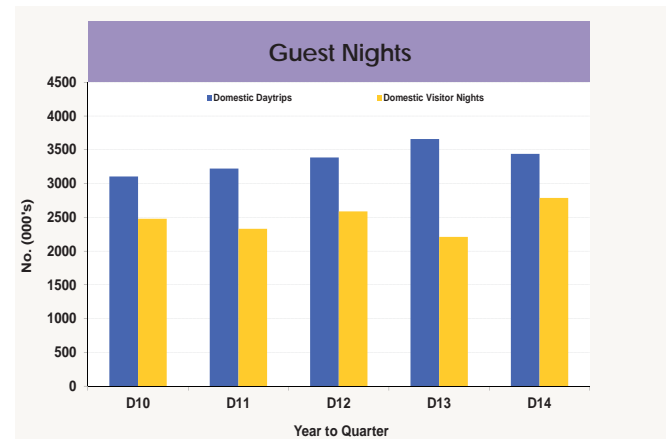
Tourism Activity (WSD)

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 1,100,000 domestic overnight visitors to the region, up by 24.7% during the year to December, 2014. These travellers spent 26.1% more nights in the region, at 2.8 Million nights.
- » Domestic daytrips to the WSD fell 6.0% to 3.4 Million, down from 3.7 Million during the previous year.

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

- » Tourism expenditure to the WSD without the inclusion of international expenditure totalled \$716.1 Million, a 17.8% increase on the year to September 2014 result of \$608.8 Million.
- » Domestic daytrip travellers spent an average of \$98 per day in the WSD (up 14.0%), while daytrip expenditure lifted by 7.1% (to \$337.0 Million) during the year to December 2014.
- » On average, domestic overnight travellers spent \$136 per night (up 7.9%), as expenditure grew by 36.1% to \$379.0 Million for this group.



Trading Conditions

Trading activity in the Illawarra region experienced a positive shift in comparison to the March 2014 quarter.

- » Overall, a net 9.8% of local firms experienced positive trading conditions, an 11.4% pt improvement on the previous quarter.
- » Looking ahead, a net 15.9% of local firms are predicting improved trading conditions during the June, 2015 quarter, down by 2.3% pts on the previous quarter expectation level and 1.3% pts below the long term June expectation average.
- » For small businesses the *Trading Conditions Index* experienced an 11.3% pt increase, as a net 8.5% of businesses experienced positive trading activity. A net 15.5% of local firms expect trading to further improve during the June, 2015 quarter.
- » A net 12.2% of medium sized local businesses experienced stronger trading conditions to remain on par with March, 2014. The *Profitability Index* experienced a 4.1% pt contraction compared to the previous March quarter with a net 8.2% of firms expecting improved conditions going into the next quarter.
- » Large firms experienced the biggest improvement across each of the key performance indicators during the March quarter as the *Trading Conditions Index* grew by 64.4% pts. A net 10.0% of large businesses expect employment levels to improve during the June, 2015 quarter.

Labour Market



Labour Market Statistics

Positive conditions surrounded the Illawarra labour market during the twelve months to December:

- » On average, 133,000 persons were employed across the Illawarra SD, up by 4.0% compared to the previous year.
- » The average yearly ISD participation rate experienced a 0.6% pt increase to 58.3%.
- » The unemployment rate saw a 0.9% pt decrease, falling to 5.7% in average yearly terms.
- » There was a 0.3% pt decline in the average yearly youth unemployment rate, to 15.6%, down from 15.9% during the previous year.
- » On average, 5,145 locals received unemployment benefits, an increase of 0.9%.

The ISD labour market experienced minor changes during the December 2014 quarter:

- » Average quarterly employment climbed to 131,600, a 0.6% increase on the three months to December.
- » The participation rate for the ISD fell to 56.8%, a drop of 0.1% pts.
- » The number of persons receiving unemployment benefits across the region increased by 0.8% to 5,065.
- » There was a 0.3% decrease in the average quarterly unemployment rate, to 5.4%. Youth unemployment (12.5%) experienced the biggest improvement, falling by 4.8% during the December quarter.

Job Advertisements

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

- » A total of 3,094 jobs were advertised in the Illawarra region, a contraction of 8.1% from 3,368 in the previous twelve months.
- » 1,903 full time positions were advertised in the ISD (down 10.3%), while 1,204 part time positions were recorded, down by 2.6%.

The December quarter saw slightly more positive changes in total job advertisements:

- » There was a 0.9% increase in the number of jobs advertised in the Illawarra Statistical District, to 771.
- » 491 full time positions were advertised, a 1.0% increase, while the volume of part time positions available experienced a decrease, down 7.0% to 267.

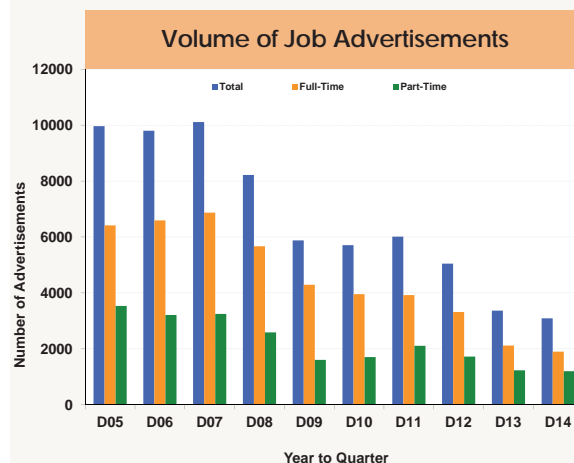
	Yr to D13 (Ave.)	Yr to D14 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	128.3	133.4
Unemployment Rate (%)	6.6	5.7
Participation Rate (%)	57.7	58.3
Youth Unemployment Rate (%)	15.9	15.6
Unemp. Benefit Recipients (No.)	5099	5145

Source: ABS Labour Force Survey

	S14 Qtr (Ave.)	D14 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	130.9	131.6
Unemployment Rate (%)	5.7	5.4
Participation Rate (%)	56.9	56.8
Youth Unemployment Rate (%)	17.4	12.5
Unemp. Benefit Recipients (No.)	5023	5065

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 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 2.9%).
- » House advertisements followed a similar trend decreasing by 25.8% to a total of 23 listings. At the same time, the median weekly rental price recorded a 7.9% increase to \$450.
- » The Department of Housing recorded a 2.5% increase (to 3,686) in the volume of bond lodgements for units, while lodgements for houses were down 2.7% to 3,054.

The rental market tightened during the December quarter:

- » Average weekly rental listings for houses fell from 31 to 23, a 25.8% decline while listings for medium to high density properties fell to an average of 47 per week, down 14.5%.
- » The median weekly rental price remained on par with the previous quarter at \$450 for houses and \$350 for units.

Rental Market - Selected Areas

Looking at selected areas during the twelve months to December:

- » In terms of houses, Bulli / Woonona saw the median rental price climb to \$500, up by 19.0%, while the areas covering Albion Park to Albion Park Rail (up 15.4% to \$450) and Kiama (up 12.4% to \$472) also saw increases.
- » Median unit prices strengthened in general, with the exception of Albion Park to Albion Park Rail (down 3.7% to \$387) while Wollongong/Figtree, Russell Vale to Fairy Meadow and Unanderra to Mount Kembla remained unchanged at \$350, \$330 and \$290 respectively.

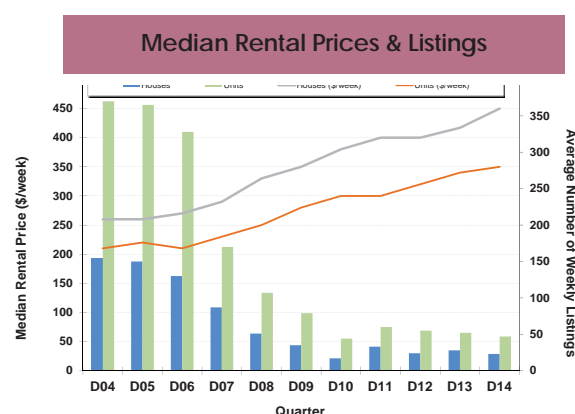
Table: Median Rents for Selected Areas

HOUSES	Year to Dec 13 \$/Week	Year to Dec 14 \$/Week	Yearly Change %	UNITS/TOWNHOUSES	Year to Dec 13 \$/Week	Year to Dec 14 \$/Week	Yearly Change %
Bulli/Woonona	420	500	19.0	Bulli/Woonona	340	380	11.8
Russell Vale to Fairy Meadow	450	475	5.6	Russell Vale to Fairy Meadow	330	330	0.0
Wollongong to Figtree	445	450	1.1	Wollongong to Figtree	350	350	0.0
Unanderra to Mount Kembla	390	400	2.6	Unanderra to Mount Kembla	290	290	0.0
Dapto, Kanahooka, Koonawarra	395	400	1.3	Dapto, Kanahooka, Koonawarra	265	300	13.2
Lake Heights to Windang	350	360	2.9	Lake Heights to Windang	240	250	4.2
Albion Park to Albion Park Rail	390	450	15.4	Albion Park to Albion Park Rail	402	387	-3.7
Lake Illawarra South to Oak Flats	397	400	0.8	Lake Illawarra South to Oak Flats	300	350	16.7
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 13	Year to Dec 14	Yearly Change (%)
HOUSES			
Median Weekly Rental (\$)	417	450	7.9
Average Weekly Listings (No.)	31	23	-25.8
UNITS - 1 Bedroom			
Median Weekly Rental (\$)	230	250	8.7
Average Weekly Listings (No.)	10	8	-20.0
UNITS - 2 Bedroom			
Median Weekly Rental (\$)	330	340	3.0
Average Weekly Listings (No.)	30	27	-10.0
UNITS - Total			
Median Weekly Rental (\$)	340	350	2.9
Average Weekly Listings (No.)	55	47	-14.5

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 2014:

- » WSD's median house price grew by 9.3% to \$495,000 with total sales increasing by 8.5% to 3,821. The median price paid for units in this region increased by 9.6% (to \$400,000) with 1,799 sales (down 3.8%). At the same time, the WSD median land price progressed by 5.9% (to \$270,000) as a total of 392 land lots were sold.
- » The median house price in Wollongong LGA reached \$500,000 (up 8.7%) with 2,478 sales. A 9.6% boost was seen in the median unit price, to \$400,000, while the median price for land lots experienced a 3.3% increase to \$243,750.
- » Shellharbour LGA's median house price (\$443,000) gained 11.0% as sales in this region rose by 14.2% to 1,006. The median price for land (up 17.3%) and units (up 3.8%) climbed to \$305,000 and \$358,250 respectively.
- » There was a rise of 10.1% in Kiama LGA's median house price, strengthening to \$635,000. Meanwhile, the median unit price increased by 5.6% to \$433,000. A total of 30 land lots were sold during this period as the median land price lifted by 45.3% to \$385,000.

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

- » 1,015 house sales were recorded in the WSD as the median house price strengthened by 6.4% to \$520,000. Wollongong LGA experienced a 7.1% increase, to \$530,000 with sales, while Shellharbour (up 4.7% to \$460,000) and Kiama (up 3.3% to \$650,000) also experienced growth.
- » In terms of median unit prices across the Illawarra region, there was a 7.7% increase in the WSD (to \$420,000) and a 12.2% increase to \$432,000 in Wollongong LGA. Meanwhile Shellharbour (down 3.7% to \$360,000) and Kiama (down 4.4% to \$430,000) both experienced decline.
- » 413 units were sold in the WSD, up 3.5%. Breaking this result into local government areas, Wollongong experienced a 4.5% decline, to 299, while there were 30.4% more units sold in Shellharbour, increasing from 56 to 73 and 36.7% more units sold in Kiama, increasing from 30 to 41.
- » There was a 17.5% decline in WSD's median land price, at \$260,000. Wollongong LGA fell 11.5% to \$230,000 while Shellharbour declined 9.5% to \$321,250.

Looking at the WSD property market historically:

- » Since the year to December 2005, the median house price has gained 32.0% (from \$375,000), while the median unit price has strengthened by 33.3% (from \$300,000).

MEDIAN PROPERTY VALUES	Year to Dec13	Year to Dec 14	Yearly Change
HOUSES			
Wollongong Statistical District	453,000	495,000	9.3
Wollongong LGA	460,000	500,000	8.7
Shellharbour LGA	399,000	443,000	11.0
Kiama LGA	577,000	635,000	10.1
UNITS/TOWNHOUSES			
Wollongong Statistical District	365,000	400,000	9.6
Wollongong LGA	365,000	400,000	9.6
Shellharbour LGA	345,000	358,250	3.8
Kiama LGA	410,000	433,000	5.6
LAND			
Wollongong Statistical District	255,000	270,000	5.9
Wollongong LGA	236,000	243,750	3.3
Shellharbour LGA	260,000	305,000	17.3
Kiama LGA	265,000	385,000	45.3

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

SALES	Houses	Units	Land
Year to Dec 14			
Wollongong Statistical District	3,821	1,799	392
Wollongong LGA	2,478	1,362	252
Shellharbour LGA	1,006	286	110
Kiama LGA	337	151	30

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



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

Building Approvals



Dwelling Approvals

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

- » The Illawarra SD saw dwelling approvals total 2,696 during the 12 months to December (up 40.2%). This consisted of 1,028 unit approvals (up 141.3%) and 1,668 house approvals, (up 11.4%).
- » Breaking the results down, Wollongong LGA (up 24.3% to 971) Shellharbour LGA (up 25.5% to 522), Kiama LGA (up 165.6% to 85), and Wingecarribee LGA (up 272.2% to 469) all experienced substantial increases.
- » Shoalhaven experienced the smallest increase in dwelling approvals, up 16.4% to 661.

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

- » Residential approvals climbed 25.9% in the Illawarra SD, to 846, this consisted of a 1.1% increase in house approvals to 464, while unit approvals surged to 382 (up 79.3%).
- » The number of approvals decreased in Shellharbour LGA by 20.5% (to 101) and Shoalhaven LGA by 11.6% (to 175).
- » Meanwhile, Wollongong, Kiama and Wingecarribee LGA's lifted 89.1% (to 380), 3,100% (to 32) and 9.0% (to 158) respectively.

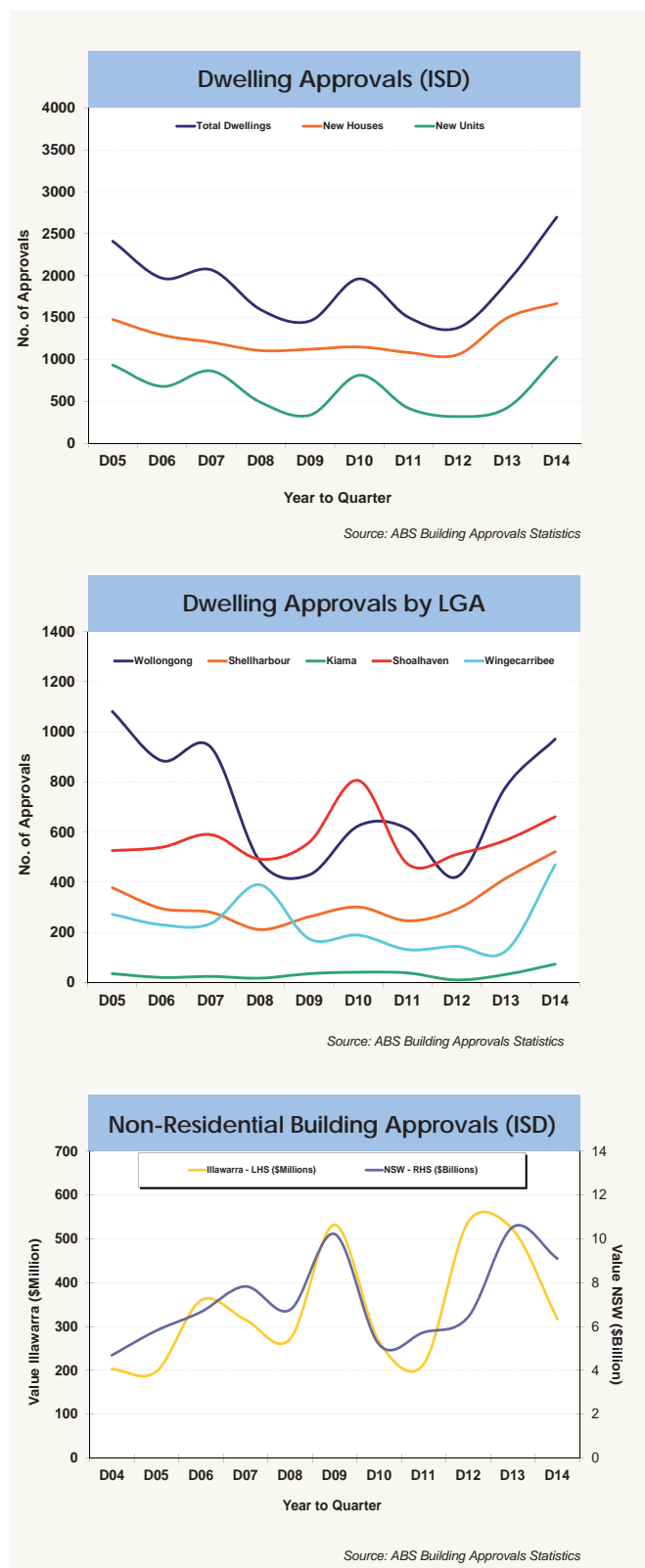
Non-Residential Building Approvals

The value of non-residential construction investment in the ISD declined during the year to December 2014:

- » Non-residential approvals fell by 39.2% to \$317.0 Million. The private sector weakened by 21.6% to \$181.3 Million, while a 53.2% decline was seen in the public sector, to \$135.7 Million.
- » There was a 13.6% decline in the value of commercial approvals in NSW (to \$9.1 Billion), comprising of \$7.3 Billion in private investment (down 5.0%) and \$1.8 Billion in public investment (down 37.1%).

During the three months to December:

- » The ISD saw non-residential building approvals strengthen by 11.3% to \$59.0 Million. Private approvals fell to \$43.0 Million (down from \$48.0 Million) and public investment lifted to \$16.0 Million (up from \$5.1 Million).
- » In NSW, there was a 16.4% increase (to \$2.2 Billion) in non-residential approvals. This was attributed to a 19.7% increase (to \$1.9 Billion) in private investment and a 0.4% drop (to \$315.4 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	\$329.0M
	Berry bypass - Princess highway upgrade between Toolijooa Road and Schofields Lane	U/C	\$580.0M
	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
	Wollongong - Two tower buildings consisting of shops, parking, commercial & residential premises	A	\$40.0M
	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.

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