



Profile Illawarra

June 2015

Highlights

- » WSD's median house price grew by 10.1% to \$505,000 with total sales increasing by 1.9% to 3,721. The median price paid for units in this region increased by 9.5% (to \$405,000) with 1,694 sales (down 14.9%).
- » 16.0 Million tonnes of coal was produced, down by 1.5% from 16.2 Million tonnes the previous year. Meanwhile, average employment contracted to 2,859 persons (down 15.2%).
- » Port Kembla experienced a 3.9% increase in import levels, to 10.8 Million tonnes. Export tonnage grew to 16.6 Million tonnes, up from 16.3 Million tonnes recorded the previous year.

TABLE OF CONTENTS

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

Annual State of the Region

3,721 house sales

1,694 unit sales

352 land lot sales

Unemployment = 5.8%

Youth unemployment = 13.8%

134,100 employed persons

3,175 job ads

16.0M tonnes of coal

16.6M tonnes of exports

10.8M tonnes of imports

Consumer Sentiment
contracted 5 pts to 74 pts

- » Overall, a net 7.2% of local firms experienced positive trading conditions, a 13.9% pt improvement on the previous June quarter.
- » The *Illawarra Consumer Sentiment Index* contracted to 74 pts, down by 5 pts compared to the June 2014 quarter and 12 pts below the long term June quarter average.
- » Non-residential approvals fell by 60.4% to \$250.0 Million. The private sector weakened by 32.7% to \$182.4 Million, while an 81.2% decline was seen in the public sector, to \$67.7 Million.
- » The Illawarra SD saw dwelling approvals total 2,647 during the 12 months to March (up 28.0%). This consisted of 993 unit approvals (up 83.2%) and 1,654 house approvals, (up 8.4%).

Southern Mines Coal Production

Total coal production and employment decreased in the Illawarra during the year to March, 2015:

- » 16.0 Million tonnes of coal was produced, down by 1.5% from 16.2 Million tonnes the previous year. Meanwhile, average employment contracted to 2,859 persons (down 15.2%).
- » Productivity climbed to 5.6 thousand tonnes per employee during this period (up 16.2%).

Quarterly coal production contracted compared to December, 2014:

- » Total coal production dropped to 3.5 Million tonnes.
- » Employment remained at 2,836 persons, while productivity stood at 1.2 thousand tonnes per person (down 23.8%).

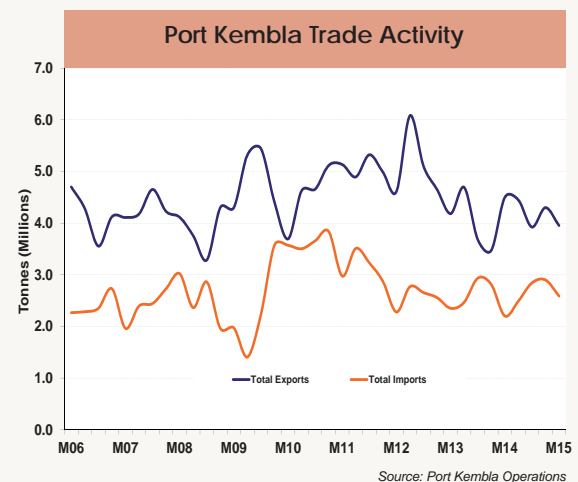
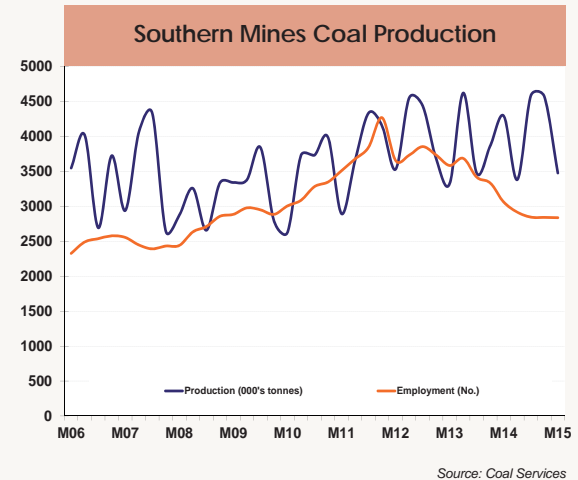
Port Kembla Trade

The year to March, 2015 saw both import and export levels experience an increase:

- » Port Kembla experienced a 3.9% increase in import levels, to 10.8 Million tonnes. Meanwhile export tonnage grew to 16.6 Million tonnes, up from 16.3 Million tonnes recorded the previous year.

The March quarter saw trade activity experience negative conditions:

- » Imports totalled 2.6 Million tonnes, down by 12.0% compared to the December quarter result of 2.9 Million tonnes.
- » Export tonnage decreased by 8.0% to 4.0 Million tonnes.
- » The two highest imports into Port Kembla comprised of overseas assembled passenger vehicles (2.6 Million tonnes), and steel raw materials (1.0 Million tonnes).
- » Bulk coal and coke was the main export in terms of tonnage at 3.2 Million tonnes followed by grain at 327 thousand tonnes.



Consumer Sentiment & Business Conditions



Consumer Sentiment

IRIS' latest Consumer Sentiment Monitor has revealed consumer confidence weakened throughout the Illawarra region compared to this time last year:

- » The *Illawarra Consumer Sentiment Index* contracted to 74 pts, down by 5 pts compared to the June 2014 quarter and 12 pts below the long term June quarter average.
- » Further analysis has revealed this result was driven by a weaker perceived job availability and lack of confidence around the housing market.
- » Westpac's June 2015 *Australian Consumer Sentiment Index* of 95 sat 8 pts below the long term average.

Financial Position

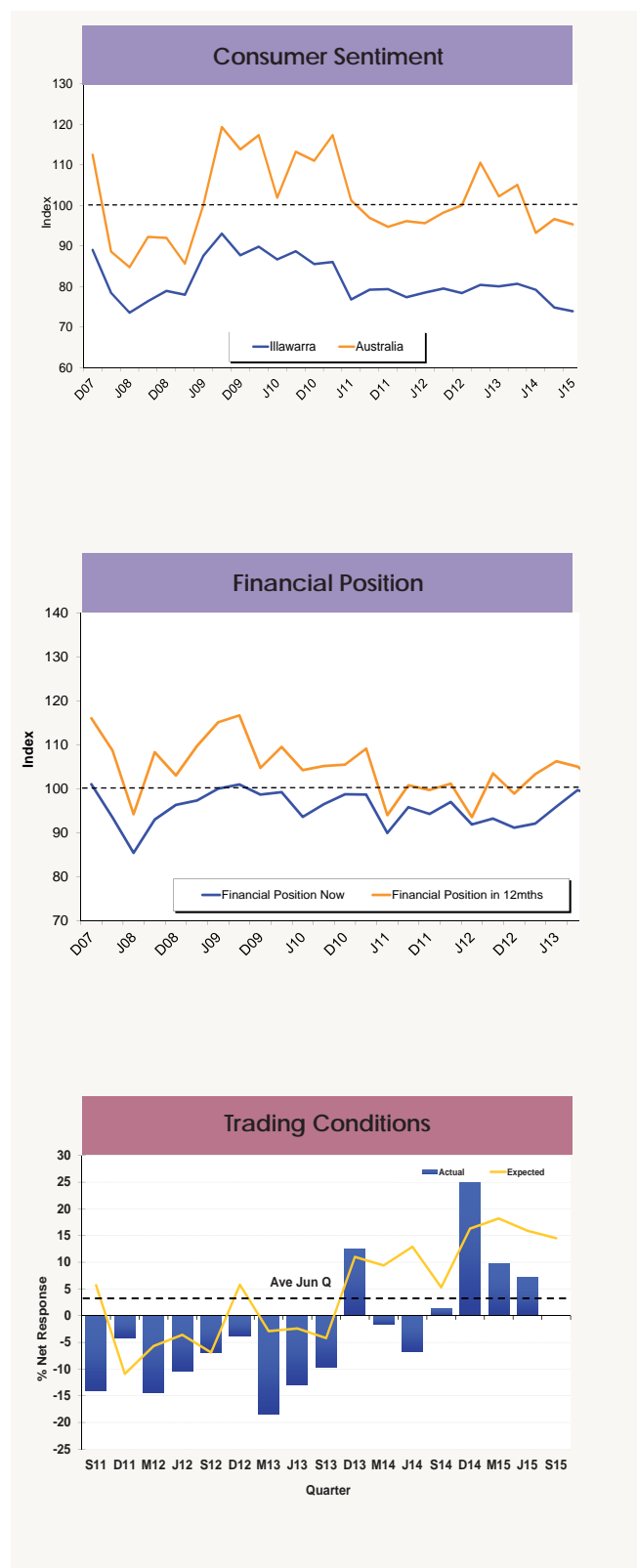
Illawarra households were slightly worse off than this time last year when asked to consider their financial position:

- » The *Current Financial Position Index* lost 2 pts to sit at 96 pts, which is in line with the long term June quarter average.
- » Looking ahead, local residents are slightly more optimistic, with the *Future Financial Position Index* sitting at 103 pts, up from 102 pts in June 2014.

Trading Conditions

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

- » Overall, a net 7.2% of local firms experienced positive trading conditions, a 13.9% pt improvement on the previous June quarter.
- » Looking ahead, a net 14.5% of local firms are predicting improved trading conditions during the September, 2015 quarter, down by 1.4% pts on the previous quarter expectation level and 3.5% pts above the long term September expectation average.
- » For small businesses the *Trading Conditions Index* experienced a 13.3% pt increase, as a net 3.7% of businesses experienced positive trading activity. A net 11.9% of local firms expect trading to further improve during the September, 2015 quarter.
- » A net 25.0% of medium sized local businesses experienced stronger trading conditions, up 18.2% pts compared to June, 2014. The *Profitability Index* experienced a 10.7% pt contraction compared to the previous June quarter with a net 3.6% of firms expecting weakening conditions going into the next quarter.
- » Large firms experienced the biggest improvement across each of the key performance indicators during the June quarter as the *Trading Conditions Index* grew by 44.4% pts. A net 25.0% of large businesses expect employment levels to improve during the September, 2015 quarter.



Labour Market



Labour Market Statistics

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

- » On average, 134,100 persons were employed across the Illawarra SD, up by 3.4% compared to the previous year.
- » The average yearly ISD participation rate remained on par with the previous year at 58.3%.
- » The unemployment rate saw a 0.9% pt decrease, falling to 5.8% in average yearly terms.
- » There was a 4.2% pt decline in the average yearly youth unemployment rate, to 13.8%, down from 17.9% during the previous year.
- » On average, 5,195 locals received unemployment benefits, an increase of 1.2%.

The ISD labour market experienced minor changes during the March 2015 quarter:

- » Average quarterly employment climbed to 137,000, a 4.1% increase on the three months to December.
- » The participation rate for the ISD climbed to 59.6%, an increase of 2.7% pts.
- » The number of persons receiving unemployment benefits across the region increased by 9.5% to 5,548.
- » There was a 1.4% increase in the average quarterly unemployment rate, to 6.7% while youth unemployment (12.1%) experienced an improvement during the March quarter.

Job Advertisements

Job advertisements in Saturday's edition of the Illawarra Mercury remained on par during the year to March:

- » A total of 3,175 jobs were advertised in the Illawarra region, a contraction of 1.2% from 3,212 in the previous twelve months.
- » 1,987 full time positions were advertised in the ISD, while 1,200 part time positions were recorded. Both on par with the previous years result,

The March quarter saw positive changes in total job advertisements:

- » There was a 14.4% increase in the number of jobs advertised in the Illawarra Statistical District, to 882.
- » 577 full time positions were advertised, a 17.5% increase, while the volume of part time positions available experienced a 14.6% increase to 306.

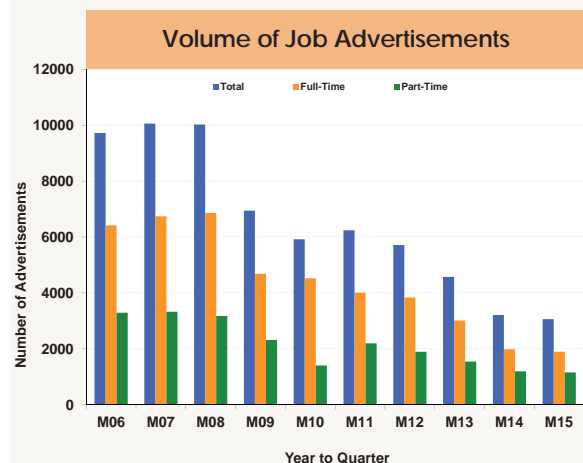
	Yr to M14 (Ave.)	Yr to M15 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	129.7	134.1
Unemployment Rate (%)	6.7	5.8
Participation Rate (%)	58.2	58.3
Youth Unemployment Rate (%)	17.9	13.8
Unemp. Benefit Recipients (No.)	5131	5195

Source: ABS Labour Force Survey

	D14 Qtr (Ave.)	M15 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	131.6	137.0
Unemployment Rate (%)	5.4	6.7
Participation Rate (%)	56.8	59.6
Youth Unemployment Rate (%)	12.5	12.1
Unemp. Benefit Recipients (No.)	5065	5548

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 March 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 13.0% to 47), while the median weekly unit price rose to \$350 per week (up 2.9%).
- » House advertisements followed a similar trend decreasing by 20.0% to a total of 24 listings. At the same time, the median weekly rental price recorded a 7.1% increase to \$450.
- » The Department of Housing recorded a 0.3% decrease (to 3,634) in the volume of bond lodgements for units, while lodgements for houses were down 4.0% to 3,033.

The rental market tightened during the March quarter:

- » Average weekly rental listings for houses fell from 30 to 26, a 13.3% decline while listings for medium to high density properties fell to an average of 44 per week, down 18.5%.
- » The median weekly rental price remained at \$450 for houses and \$350 for units.

Rental Market - Selected Areas

Looking at selected areas during the twelve months to March:

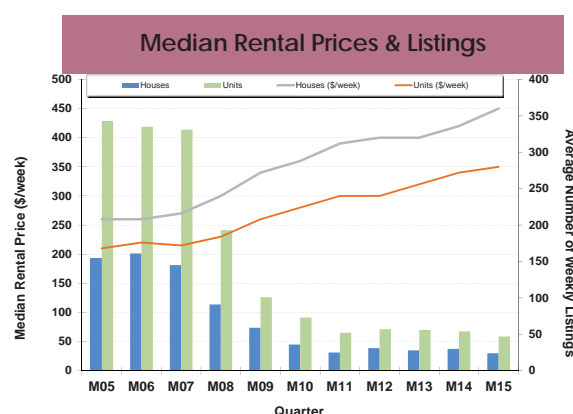
- » In terms of houses, Bulli / Woonona saw the median rental price climb to \$500, up by 13.6%, while the areas covering Albion Park to Albion Park Rail (up 9.8% to \$450) and Unanderra to Mount Kembla (up 7.7% to \$420) also saw increases.
- » Median unit prices strengthened in general, with the exception of Russell Vale to Fairy Meadow (down 1.5% to \$335) and Albion Park to Albion Park Rail (down 16.7% to \$335) while Wollongong/Figtree and Unanderra to Mount Kembla remained unchanged at \$350 and \$290 respectively.

Table: Median Rents for Selected Areas

HOUSES	Year to Mar 14 \$/Week	Year to Mar 15 \$/Week	Yearly Change %	UNITS/TOWNHOUSES	Year to Mar 14 \$/Week	Year to Mar 15 \$/Week	Yearly Change %
Bulli/Woonona	440	500	13.6	Bulli/Woonona	350	375	7.1
Russell Vale to Fairy Meadow	450	480	6.7	Russell Vale to Fairy Meadow	340	335	-1.5
Wollongong to Figtree	450	460	2.2	Wollongong to Figtree	350	350	0.0
Unanderra to Mount Kembla	390	420	7.7	Unanderra to Mount Kembla	290	290	0.0
Dapto, Kanahooka, Koonawarra	400	420	5.0	Dapto, Kanahooka, Koonawarra	285	290	1.8
Lake Heights to Windang	350	365	4.3	Lake Heights to Windang	240	260	8.3
Albion Park to Albion Park Rail	410	450	9.3	Albion Park to Albion Park Rail	402	335	-16.7
Lake Illawarra South to Oak Flats	400	400	0.0	Lake Illawarra South to Oak Flats	330	350	6.1
Kiama	525	490	-6.7	Kiama	420	427	1.7

RENTAL MARKET VALUES	Year to Mar14	Year to Mar 15	Yearly Change (%)
HOUSES			
Median Weekly Rental (\$)	420	450	7.1
Average Weekly Listings (No.)	30	24	-20.0
UNITS - 1 Bedroom			
Median Weekly Rental (\$)	240	260	8.3
Average Weekly Listings (No.)	10	8	-20.0
UNITS - 2 Bedroom			
Median Weekly Rental (\$)	340	340	0.0
Average Weekly Listings (No.)	29	26	-10.3
UNITS - Total			
Median Weekly Rental (\$)	340	350	2.9
Average Weekly Listings (No.)	54	47	-13.0

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 March 2015:

- » WSD's median house price grew by 10.1% to \$505,000 with total sales increasing by 1.9% to 3,721. The median price paid for units in this region increased by 9.5% (to \$405,000) with 1,694 sales (down 14.9%). At the same time, the WSD median land price progressed by 13.1% (to \$288,500) as a total of 352 land lots were sold.
- » The median house price in Wollongong LGA reached \$510,000 (up 10.9%) with 2,441 sales. A 10.5% boost was seen in the median unit price, to \$408,750, while the median price for land lots experienced a 4.3% increase to \$245,000.
- » Shellharbour LGA's median house price (\$450,000) gained 11.1% as sales in this region remained on par with the previous quarter at 946. The median price for land (up 25.7%) and units (up 6.6%) climbed to \$332,500 and \$370,500 respectively.
- » There was a rise of 5.7% in Kiama LGA's median house price, strengthening to \$629,000. Meanwhile, the median unit price increased by 7.8% to \$442,000. A total of 25 land lots were sold during this period as the median land price lifted by 41.3% to \$400,000.

There were mixed changes in the local property market during the March 2015 quarter:

- » 776 house sales were recorded in the WSD as the median house price remained unchanged at \$520,000. Wollongong LGA experienced a 2.8% decrease to \$515,000 with 495 sales (down 28.1%). On the other hand Shellharbour (up 6.4% to \$485,000) experienced growth while Shoalhaven, Kiama and Wingecarribee remained on par.
- » In terms of median unit prices across the Illawarra region, there was a 2.7% decrease in the WSD (to \$415,000) and a 5.7% decrease to \$415,000 in Wollongong LGA. Meanwhile Shellharbour (up 9.7% to \$397,000) and Kiama (up 5.1% to \$452,000) both experienced an increase.
- » 365 units were sold in the WSD, down 16.1%. Breaking this result into local government areas, Wollongong experienced a 10.1% decline, to 286, while there were 38.7% less units sold in Shellharbour, decreasing from 75 to 46. Kiama saw unit sales decline 21.4%, from 42 to 33.
- » There was an 8.6% decline in WSD's median land price, at \$260,000. Wollongong LGA fell 0.9% to \$228,000 while Shellharbour grew 4.2% to \$370,000.

Looking at the WSD property market historically:

- » Since the year to March 2005, the median house price has gained 31.2% (from \$385,000), while the median unit price has strengthened by 35.0% (from \$300,000).

MEDIAN PROPERTY VALUES	Year to Mar 14	Year to Mar 15	Yearly Change
HOUSES			
Wollongong Statistical District	458,500	505,000	10.1
Wollongong LGA	460,000	510,000	10.9
Shellharbour LGA	405,000	450,000	11.1
Kiama LGA	595,000	629,000	5.7
UNITS/TOWNHOUSES			
Wollongong Statistical District	370,000	405,000	9.5
Wollongong LGA	370,000	408,750	10.5
Shellharbour LGA	347,500	370,500	6.6
Kiama LGA	410,000	442,000	7.8
LAND			
Wollongong Statistical District	255,000	288,500	13.1
Wollongong LGA	236,000	245,000	4.3
Shellharbour LGA	260,000	332,500	25.7
Kiama LGA	265,000	400,000	41.3

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 2,647 during the 12 months to March (up 28.0%). This consisted of 993 unit approvals (up 83.2%) and 1,654 house approvals, (up 8.4%).
- » Breaking the results down, Wollongong LGA (up 11.8% to 928), Shellharbour LGA (up 25.1% to 519), Kiama LGA (up 19.7% to 79), Wingecarribee LGA (up 140.0% to 468) and Shoalhaven (up 22.6% to 689) all experienced substantial increases.

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

- » Residential approvals contracted 33.3% in the Illawarra SD, to 564, this consisted of a 16.4% decline in house approvals to 388, while unit approvals fell to 176 (down 53.9%).
- » The number of approvals decreased in Wollongong LGA (down 45.0% to 209), Kiama LGA (down 81.3% to 6), Shoalhaven LGA (down 14.9% to 149) and Wingecarribee LGA (down 38.0% to 98).
- » Meanwhile Shellharbour LGA saw building approvals remain on par with the previous quarter at 102 approvals.

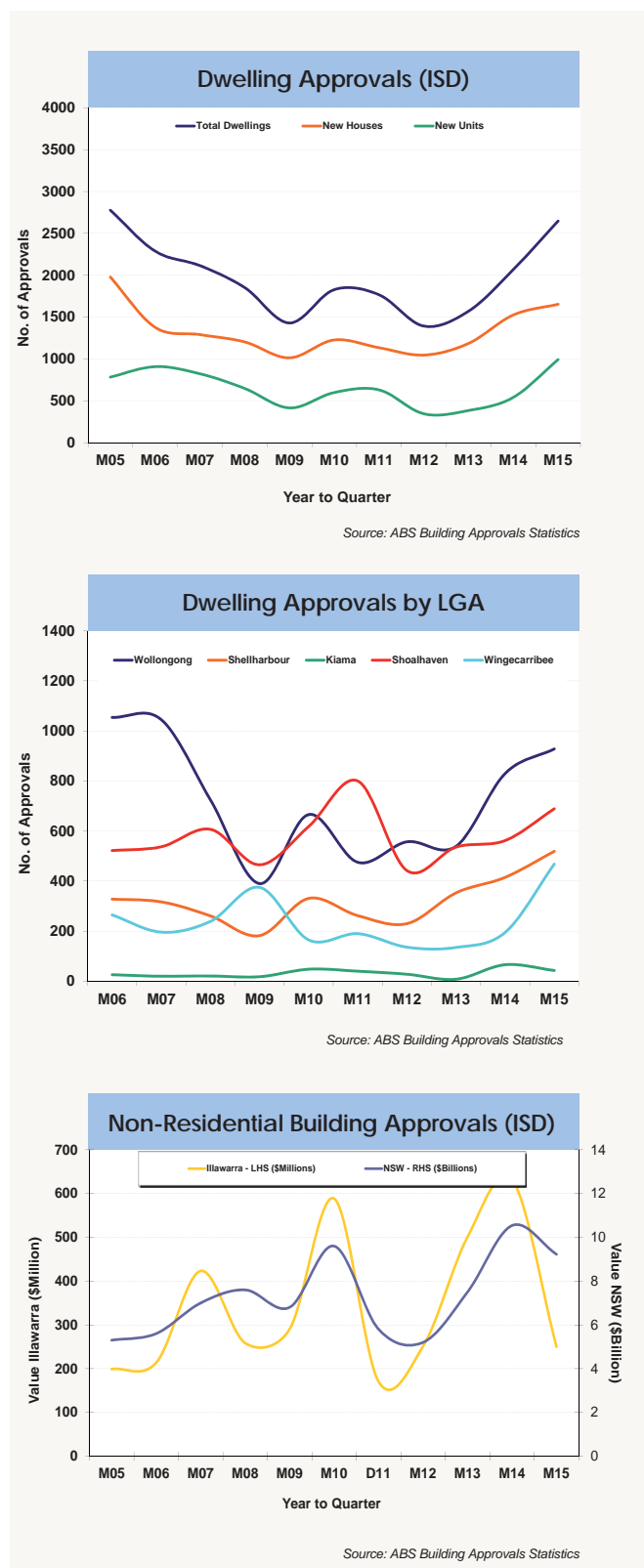
Non-Residential Building Approvals

The value of non-residential construction investment in the ISD declined during the year to March 2015:

- » Non-residential approvals fell by 60.4% to \$250.0 Million. The private sector weakened by 32.7% to \$182.4 Million, while an 81.2% decline was seen in the public sector, to \$67.7 Million.
- » There was a 12.3% decline in the value of commercial approvals in NSW (to \$9.2 Billion), comprising of \$7.9 Billion in private investment (up 6.9%) and \$1.3 Billion in public investment (down 58.4%).

During the three months to March:

- » The ISD saw non-residential building approvals strengthen by 24.5% to \$73.5 Million. Private approvals lifted to \$67.4 Million (up from \$42.9 Million) and public investment fell to \$6.0 Million (down from \$16.0 Million).
- » In NSW, there was a 1.3% increase (to \$2.3 Billion) in non-residential approvals. This was attributed to a 3.9% increase (to \$2.0 Billion) in private investment and a 14.3% drop (to 270.1 Million) 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	Wollongong - Elective Surgery Centre ED and Ambulatory Care	U/C	\$106.1M
	Milton / Ulladulla - Satellite Renal Facility and Palliative Care	U/C	\$4.6M
	Nowra - Dental Clinic	U/C	\$3.4M
IRT	Tarrawanna - IRT Care Centre	U/C	\$26.0M
	Kanahooka - IRT Pathways Project - 12 Lifestyle Units & 5 Bed Respite Centre	U/C	\$3.5M
NSW Public Works	Shellharbour - Shellharbour Hospital Non Acute Mental Health Unit	U/C	\$4.8M
NSW Ports	Port Kembla - Outer Harbour Expansion	U/C	\$600.0M
The University Of Wollongong	Bus Interchange - Northfields Avenue	C	\$1.5M
	Early Start Building	C	\$30.3M
	iAccelerate Centre	U/C	\$17.0M
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
	Berry to Bomaderry Princes Highway upgrade	A	\$14.0M
Housing NSW	Bellambi - Bramsen Street Development	U/C	\$3.6M
Wollongong LGA	Port Kembla - Development of a grain handling facility	A	\$35.0M
	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:

Michael Di Leo, Acting 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.