



Profile Illawarra

SEPTEMBER 2015

Highlights

- » The year to June 2015 saw 1,044,000 domestic overnight travellers visiting the Illawarra (up 7.5%). These travellers spent 16.2% more nights in the region, at 3.0 Million nights. Overall, tourism expenditure in the Illawarra totalled \$900.2 Million, up 27.3% year on year.
- » Looking at coal production, there was a 15.0% lift compared to the previous year, with 17.3 Million tonnes of coal produced in the region. Meanwhile, average employment contracted to 2,790 persons (down 12.1%), which led to a productivity increase of 30.9% in annual terms.
- » Overall, a net 16.9% of local firms experienced stronger trading conditions, up by 15.5% pts on the September 2014 quarter.

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Annual State of the Region

3,775 house sales

1,711 unit sales

347 land lot sales

Unemployment = 6.7%

Youth unemployment = 14.6%

133,600 employed persons

3,143 job ads

17.3M tonnes of coal

16.0M tonnes of exports

11.4M tonnes of imports

3.0M domestic visitor nights

Tourist spending = \$900.2M

- » Port Kembla saw 0.9% fewer exports (to 16.0 Million tonnes) compared to the previous year to June. At the same time, imports lifted by 8.8% to a total of 11.4 Million tonnes.
- » The median house price for the WSD grew by 11.7% to \$525,000 with total sales increasing by 0.7% to 3,775, while the median price paid for units increased by 9.5% to \$419,000 (1,711 sales). Analysing land sold in the region, 347 lots were purchased, with a median price of \$305,000 (up by 17.3%).
- » Private investment climbed to \$281.0 Million (up 10.3%), while public investment dropped 90.8% to \$32.4 Million, thus decreasing non-residential approvals to a total of \$313.3 Million (down 48.3%).
- » The Illawarra SD saw dwelling approvals total 3,174 during the year to June (up 50.0%). This consisted of 1,796 house approvals (up 23.4%) and 1,378 unit approvals (up 108.5%).

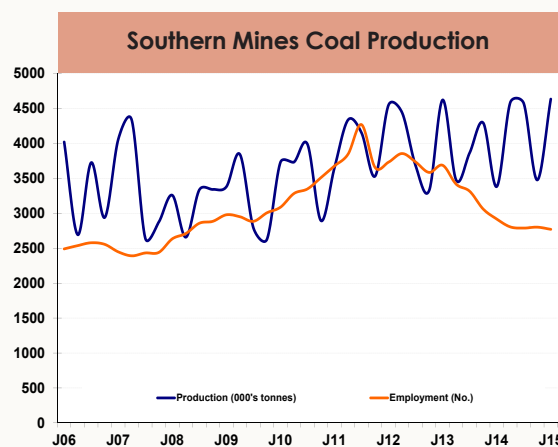
Southern Mines Coal Production

Total coal production in the Illawarra increased, while employment saw a decline during the year to June 2015:

- » A total of 17.3 Million tonnes of coal was produced, a 15.1% boost from 15.0 Million tonnes the previous year. Meanwhile, average employment contracted to 2,790 persons (down by 12.1%).
- » Productivity climbed by 30.9% to 6.2 Thousand tonnes per employee during this period.

During the three months to June 2015:

- » Total coal production rebounded to the December 2014 level of 4.6 Million tonnes, after a quiet start to 2015.
- » Employment dipped by 1.1% to 2,769 persons, while productivity rose to 1.7 Thousand tonnes per person.



Source: Coal Services

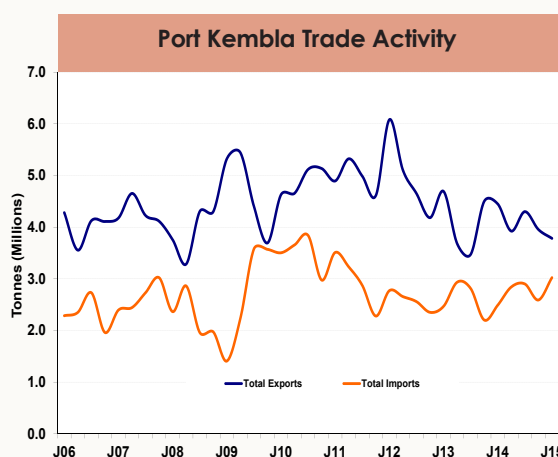
Port Kembla Trade

The year to June saw export levels decrease slightly while import levels rose:

- » Port Kembla reported a 8.8% lift in import levels, to 11.4 Million tonnes. At the same time, export tonnage declined by 0.9% to 16.0 Million tonnes.

Trade activity experienced mixed conditions in quarterly terms:

- » Imports totalled 3.0 Million tonnes, the highest quarterly result since September 2011. This equates to a 14.3% rise on the March quarter result of 2.6 Million tonnes.
- » During the June quarter, the top two imports in terms of tonnage were Motor Vehicles and Steel - Raw Materials.
- » Meanwhile, exports dipped by 4.3% to 3.8 Million tonnes.
- » The top two exports in terms of tonnage were Coal & Coke and Steel - Finished Product.



Source: Port Kembla Operations



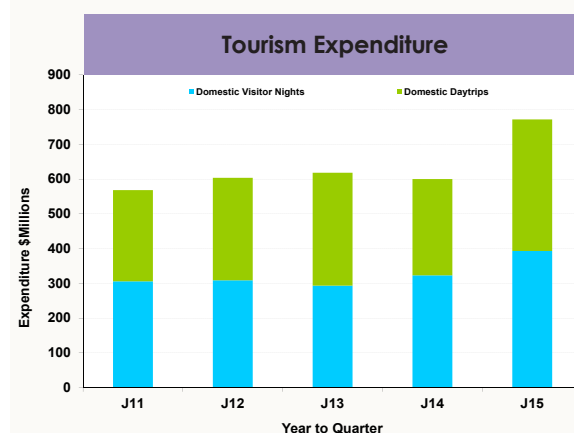
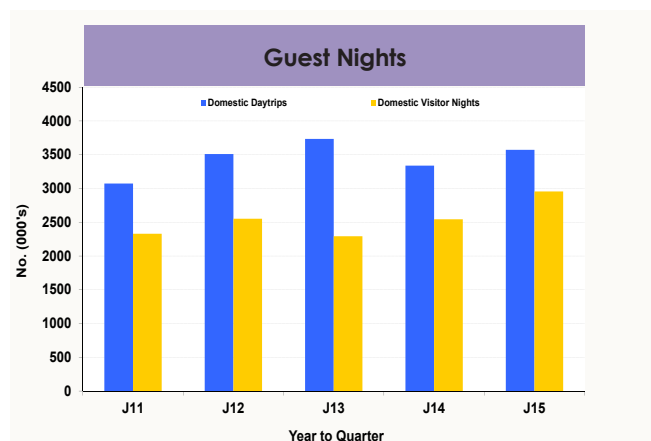
Tourism & Business Conditions



Tourism Activity (WSD)

The latest data from Destination NSW has revealed total tourism expenditure in the Illawarra reached a record high during the year to June 2015:

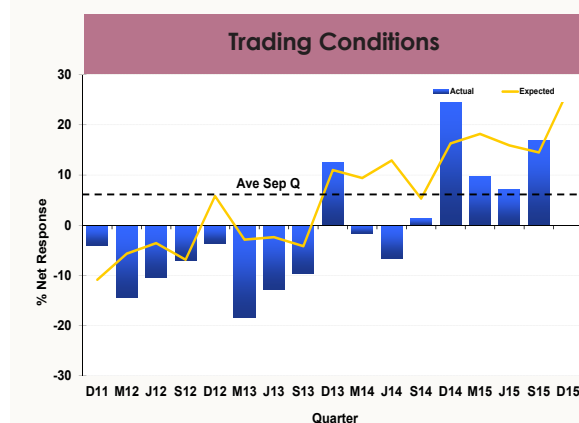
- » On average, domestic daytrip travellers spent more per trip (up 27.7% to \$106) year on year, while the number of daytrips lifted by 7.0% to 3.6 Million. This led to a boost of 36.7% in total daytrip expenditure to \$378.6 Million during the year to June 2015.
- » The twelve months to June saw 62,000 international travellers visit the Illawarra. Despite a 2.6% fall in the number of nights spent by these visitors, total expenditure in this sector lifted by 20.0% due to a 23.2% increase in the average spend per visitor night (\$85).
- » Looking at domestic overnight visitors, results were positive all round. A total of 1.0 Million persons spent at least one night in the region, a 7.5% climb compared to the year to June 2014. Average spend per visitor night rose by 4.7% to \$133, with 3.0 Million visitor nights recorded during this period. This led to a 21.7% increase in total domestic expenditure, to \$393.1 Million.
- » For the year to June, tourism expenditure in the Illawarra totalled \$900.2 Million, up 27.3% year on year.



Trading Conditions

During the three months to September 2015, local firms experienced an improvement in trading activity:

- » Overall, a net 16.9% of local firms experienced stronger trading conditions, up by 15.5% pts on the September 2014 quarter.
- » Looking ahead, local sentiment towards trading conditions remains positive with a net 27.0% of local firms anticipating an improvement for the upcoming December quarter. This is the highest expectation level since prior to the GFC.
- » For small businesses, the *Trading Conditions Index* experienced a 19.4% pt increase, as a net 14.4% of businesses reported positive trading activity. A net 28.1% of local firms expect conditions to further improve during the December 2015 quarter.
- » A net 38.7% of medium sized local businesses experienced stronger trading conditions, up 13.1% pts on the September 2014 quarter. The *Profitability Index* experienced a 23.9% pt lift compared to the previous September quarter, with a net 35.5% of firms recording increased profit levels.
- » Business conditions diminished for large firms, with confidence set to remain in negative territory going into the final quarter of 2015. In net terms, Trading Conditions (down 40.0% pts), Profitability (down 43.3% pts) and Employment Levels (down 60.0%) were all in negative territory during the September quarter.



Labour Market



Labour Market Statistics

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

- » On average, 133,600 persons were employed across the Illawarra region, an increase of 0.5% compared to the year to June 2014.
- » The local participation rate dipped by 1.0% pt to 58.3% year on year.
- » The average unemployment rate for the year to June 2015 climbed by 0.2% pts to 6.7%.
- » There was a 2.8% pt decline (to 14.6%) in the average yearly youth unemployment rate, driven by a stronger result during the months of November to March. GPT's shopping development has led to approximately 800 retail jobs in the region, a key sector, potentially contributing to the improved youth unemployment rate.
- » On average, 5,251 persons received unemployment benefits in the Wollongong Statistical District, an increase of 2.1%.

The Illawarra labour market experienced mixed conditions during the three months to June 2015:

- » Although average quarterly employment decreased by 1.4% to 135,100, results appear to be improving going into the September quarter.
- » The Illawarra participation rate rose by 0.3% pts to 59.8%, while the number of locals receiving unemployment benefits decreased by 3.3% to 5,366.
- » There was a 2.1% pt jump in the average quarterly unemployment rate (to 8.8%) and a 4.4% pt rise in the youth unemployment rate, to 16.5%.

Job Advertisements

Fewer jobs were advertised in Saturday's edition of the Illawarra Mercury during the year to June 2015:

- » A total of 3,143 jobs were advertised in the Illawarra region, down by 1.8% year on year from 3,201.
- » 2,036 full time positions were recorded in the region (up 6.0%), while 1,110 part time positions were advertised, a contraction of 12.9%.

The volume of jobs advertised in the three months to June declined for both full time and part time positions:

- » There was a 17.7% fall in the number of jobs advertised in the Wollongong Statistical District, to 726.
- » 482 full time positions were advertised, down by 16.5%, while the volume of part time positions available also experienced a decrease, down 18.3% to 250.

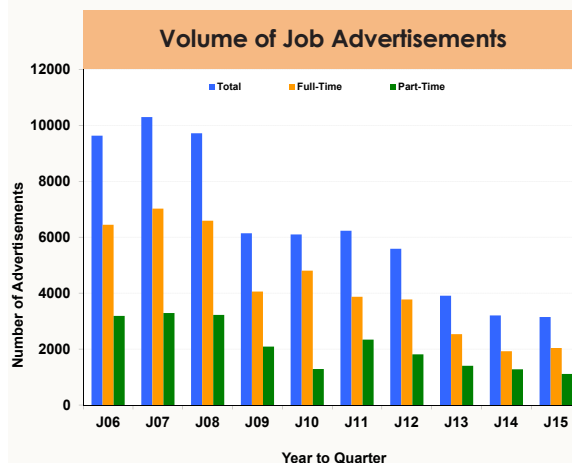
	Yr to J14 (Ave.)	Yr to J15 (Ave.)
ISD Labour Market Statistics		
Employment (000's)	133.0	133.6
Unemployment Rate (%)	6.5	6.7
Participation Rate (%)	59.3	58.3
Youth Unemployment Rate (%)	17.4	14.6
Unemp. Benefit Recipients (No.)	5142	5251

Source: ABS Labour Force Survey

	M15 Qtr (Ave.)	J15 Qtr (Ave.)
ISD Labour Market Statistics		
Employment (000's)	137.0	135.1
Unemployment Rate (%)	6.7	8.8
Participation Rate (%)	59.6	59.8
Youth Unemployment Rate (%)	12.1	16.5
Unemp. Benefit Recipients (No.)	5548	5366

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 local rental market saw average weekly rental values climb during 2014/15 financial year, while the number of listings dipped slightly year on year:

- » The average number of units advertised per week moved from 50 (Year to June 2014) to 48 (Year to June 2015), while the median weekly unit price rose to \$350 per week (up by 1.4%).
- » House advertisements followed a similar trend, decreasing by 7.1% to a total of 26 listings. At the same time, the median weekly rental price increased by 10.6% to \$470, positive news for investors.
- » Housing NSW reported the number of bond lodgements fell for both houses (down 5.8% to 3,005) and units (down 1.5% to 3,620).

Looking at the three months to June 2015:

- » Average weekly rental listings for houses saw a 23.1% lift (to 32), while an 18.2% rise was recorded for units, flats and townhouses.
- » In quarterly terms, the median weekly rental price appreciated for houses (up 2.2% to \$460) and remained unchanged for units (at \$350) year on year.

Rental Market - Selected Areas

Looking at selected areas during the twelve months to June 2015:

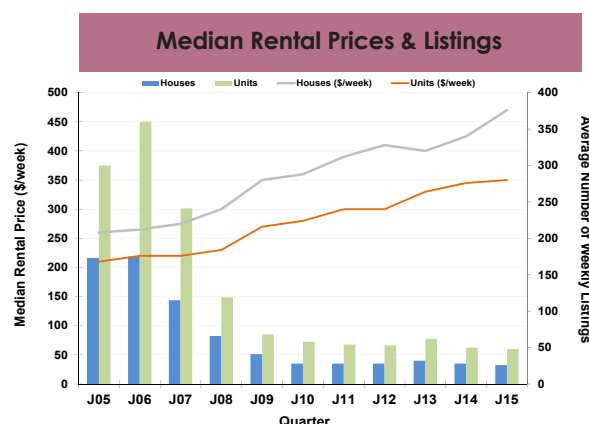
- » In terms of houses, Bulli/Woonona saw the median rental price climb to \$550, up by 18.3%, while the areas covering Albion Park to Albion Park Rail (\$430) remained on par year on year. Kiama (down 10.9% to \$490) went against the local trend.
- » The median unit price strengthened for Lake Heights to Windang (up 10.4% to \$265) while Wollongong/Figtree and Russell Vale to Fairy Meadow remained unchanged at \$350 and \$340 respectively. Kiama saw a 5.6% depreciation in the median rental price for flats, units and townhouses.

Table: Median Rents for Selected Areas

HOUSES	Year to Jun 14 \$/Week	Year to Jun 15 \$/Week	Yearly Change %	UNITS/TOWNHOUSES	Year to Jun 14 \$/Week	Year to Jun 15 \$/Week	Yearly Change %
Bulli/Woonona	465	550	18.3	Bulli/Woonona	380	360	-5.3
Russell Vale to Fairy Meadow	435	495	13.8	Russell Vale to Fairy Meadow	340	340	0.0
Wollongong to Figtree	450	480	6.7	Wollongong to Figtree	350	350	0.0
Unanderra to Mount Kembla	400	420	5.0	Unanderra to Mount Kembla	280	290	3.6
Dapto, Kanahooka, Koonawarra	392	435	11.0	Dapto, Kanahooka, Koonawarra	280	290	3.6
Lake Heights to Windang	360	370	2.8	Lake Heights to Windang	240	265	10.4
Albion Park to Albion Park Rail	430	430	0.0	Albion Park to Albion Park Rail	395	360	-8.9
Lake Illawarra South to Oak Flats	400	420	5.0	Lake Illawarra South to Oak Flats	327	345	5.5
Kiama	550	490	-10.9	Kiama	445	420	-5.6

RENTAL MARKET VALUES	Year to Jun 14	Year to Jun 15	Yearly Change (%)
HOUSES			
Median Weekly Rental (\$)	425	470	10.6
Average Weekly Listings (No.)	28	26	-7.1
UNITS - 1 Bedroom			
Median Weekly Rental (\$)	240	260	8.3
Average Weekly Listings (No.)	9	9	0.0
UNITS - 2 Bedroom			
Median Weekly Rental (\$)	340	350	2.9
Average Weekly Listings (No.)	27	26	-3.7
UNITS - Total			
Median Weekly Rental (\$)	345	350	1.4
Average Weekly Listings (No.)	50	48	-4.0

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)

Local property prices continued to climb during the year to June 2015:

- » The median house price for the WSD grew by 11.7% to \$525,000 with total sales increasing by 0.7% to 3,775. The median price paid for units increased by 9.5% to \$419,000 with a total of 1,711 sales (down 15.6%). Looking at land sold in the region, 347 lots were purchased, with a median price of \$305,000 (up by 17.3%).
- » The median house price in Wollongong LGA reached a record high of \$533,500 (up 11.8%) with 2,440 sales. In terms of median unit price, there was a 10.4% lift to \$425,000, while the median price for land lots experienced a 12.8% increase to \$265,000.
- » Shellharbour LGA saw the median house price gain 12.9% (to \$465,000) as total sales in this region rose by 1.8% to 982. The median price for land (up 29.6%) and units (up 13.0%) climbed to \$350,000 and \$395,000 respectively.
- » There was a rise of 9.2% in Kiama LGA's median house price, strengthening to \$650,000, while 353 houses were sold in the region. Meanwhile, the median unit price increased by 4.7% to \$450,000 with 141 sales. A total of 38 land lots were sold during this period as the median land price lifted by 3.6% to \$362,500.

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

- » A total of 870 house sales were recorded in the WSD as the median house price strengthened by 5.7% to \$560,000. Wollongong LGA saw a 7.4% increase, to \$569,000 with 560 sales, while Kiama (up 3.0% to \$685,000) and Shellharbour (up 1.0% to \$490,000) also experienced growth.
- » Looking at median unit price for the Wollongong SD, there was a marginal decrease of 0.2% to \$429,250. Breaking this result into LGAs, Wollongong experienced a 2.3% boost to \$440,000, while Shellharbour saw a 0.3% appreciation (\$400,000). Kiama (down 0.5% to \$460,000) experienced a decline in the median unit price.
- » 410 units were sold in the WSD, down by 11.8%. Wollongong LGA faced a 14.8% decline, to 305. At the same time, there were 20.0% more units sold in Shellharbour (to 78), while 35.7% fewer units were sold in Kiama (to 27) during the three months to June.
- » Wollongong SD's median land price climbed by 17.2% to \$340,000 during this period, with 62 land lots sold. This strong result was driven by double digit increases in both Wollongong LGA (up 25.1% to \$330,000) and Shellharbour (up 33.3% to \$340,000).

Looking at the WSD property market historically:

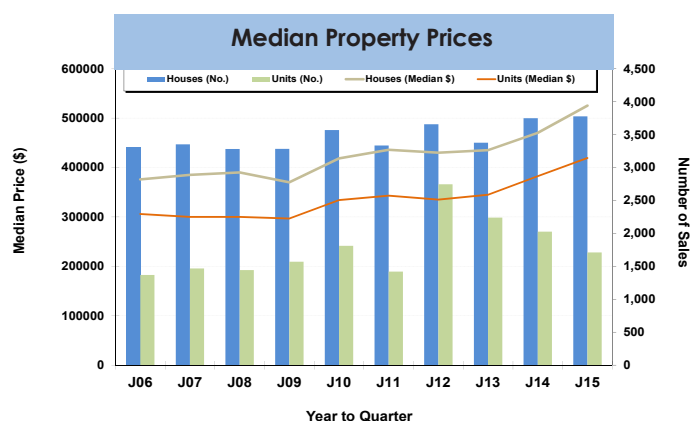
- » Comparing current prices to the year to June 2006, the median house price has gained 39.7% (from \$375,875), while the median unit price has strengthened by 36.9% (from \$306,000).

MEDIAN PROPERTY VALUES	Year to Jun 14 (\$)	Year to Jun 15 (\$)	Yearly Change (%)
HOUSES			
Wollongong Statistical District	470,000	525,000	11.7
Wollongong LGA	477,000	533,500	11.8
Shellharbour LGA	412,000	465,000	12.9
Kiama LGA	595,000	650,000	9.2
UNITS/TOWNHOUSES			
Wollongong Statistical District	382,500	419,000	9.5
Wollongong LGA	385,000	425,000	10.4
Shellharbour LGA	349,500	395,000	13.0
Kiama LGA	430,000	450,000	4.7
LAND			
Wollongong Statistical District	260,000	305,000	17.3
Wollongong LGA	235,000	265,000	12.8
Shellharbour LGA	270,000	350,000	29.6
Kiama LGA	350,000	362,500	3.6

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

SALES	Houses	Units	Land
Year to Jun 15			
Wollongong Statistical District	3,775	1,711	347
Wollongong LGA	2,440	1,295	201
Shellharbour LGA	982	275	108
Kiama LGA	353	141	38

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 Illawarra SD experienced a boost in yearly terms:

- » The Illawarra SD saw dwelling approvals total 3,174 during the year to June (up 50.0%), consisting of 1,796 house approvals (up 23.4%) and 1,378 unit approvals, (up 108.5%). This rise was generated by strong quarterly results for December and June.
- » Breaking the results down, Winge-carribee LGA (up 129.6% to 519) and Wollongong LGA (up 72.0% to 1,347) drove this growth, with Shoalhaven LGA (up 30.3% to 731) and Shellharbour LGA (up 9.9% to 533) reporting stronger annual results. Kiama LGA saw approvals decline by 21.3% to 48.

The ISD recorded the strongest quarterly result since June 2002:

- » Residential approvals climbed 93.6% (to 1,092) in the Illawarra SD. There were 485 houses approved in the region (up by 25.0%). At the same time, approvals for flats, units and townhouses surged by 244.9% to 607.
- » Wollongong (+166.5% to 557), Shellharbour (+99.0% to 203), Shoalhaven (+40.3% to 209) and Winge-carribee (+20.4% to 118) LGAs all experienced a boost in the volume of dwelling approvals during the three months to June 2015.
- » Meanwhile, Kiama LGA saw just 5 approvals during the same period (down 16.7%).

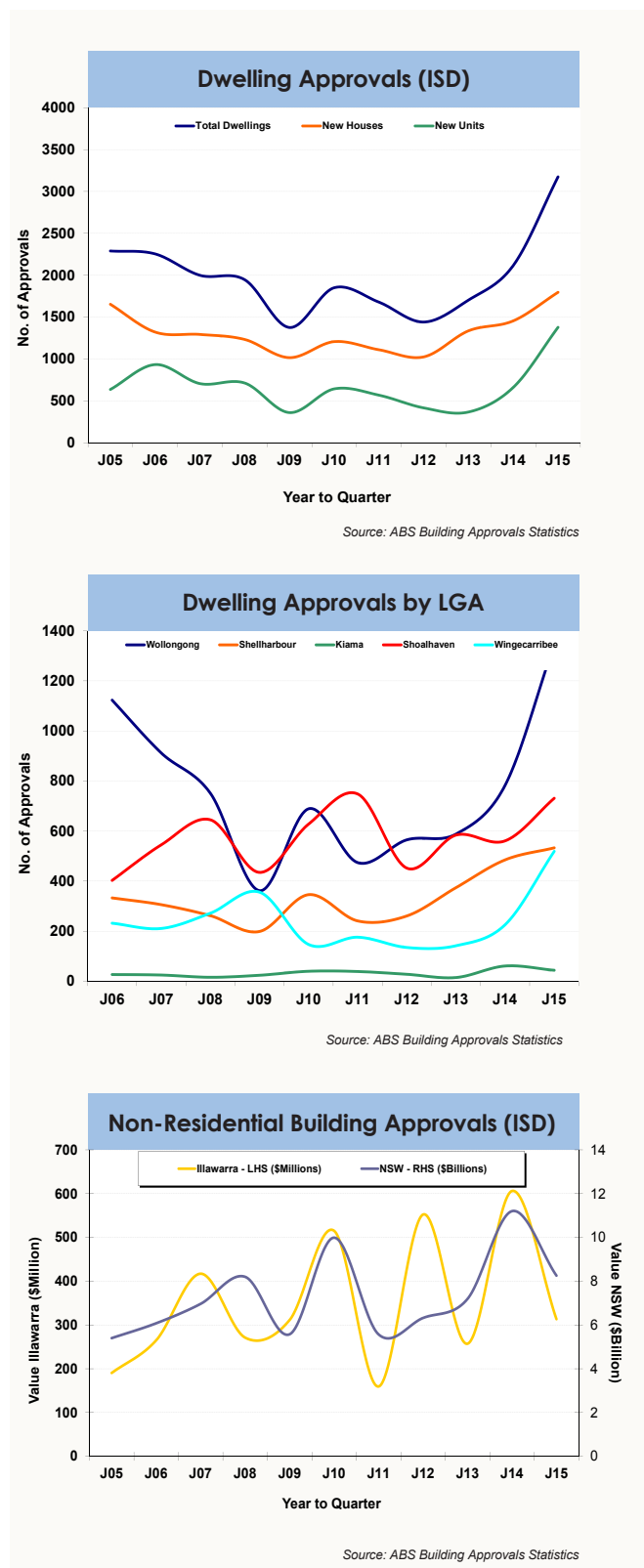
Non-Residential Building Approvals

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

- » Private investment climbed to \$281.0 Million (up 10.3%), while public investment dropped 90.8% to \$32.4 Million, thus decreasing non-residential approvals to a total of \$313.3 Million (down 48.3%).
- » Comparing this result to the total value of commercial approvals in NSW, there was a 26.5% slump to \$8.3 Billion. This change was driven by declines in both public (down 58.2% to \$1.2 Billion) and private (down 15.1% to \$7.0 Billion) investment.

During the three months to June:

- » Private investment climbed 82.2% to \$122.8 Million, while public investment dropped to \$5.1 Million in the ISD. This led to an overall 74.2% decline in total non-residential approvals, to \$127.9 Million.
- » In NSW, the total value of commercial building approvals decreased by 20.8% to \$1.8 Billion. This was attributed to a 26.7% fall (to \$1.5 Billion) in private investment. Meanwhile, public approvals strengthened by 22.9% to \$332.0 Million during the June quarter.



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 - Cath Lab Refurbishment	U/C	\$2.8M
	Wollongong - Elective Surgery Centre ED and Ambulatory Care	C	\$106.1M
	Wollongong - New Multi-Storey Car Park	C	\$32.3M
IRT	Tarrawanna - IRT Care Centre	C	\$26.0M
	Kananooka - Restart NSW Pathway Project	C	\$3.5M
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	C	\$1.5M
	URAC Facilities Upgrade	U/C	\$2.0M
	Unicentre Alterations	U/C	\$4.3M
Roads and Maritime Services	Gerringong - Princes Hwy upgrade between Mount Pleasant and Toolijooa Road	C	\$340.0M
	Berry Bypass - Princes Hwy upgrade between Toolijooa Road and to south of Andersons Lane	U/C	\$580.0M
	Mount Ousley Climbing Lanes - 4 uphill locations on M1 Princes Motorway	A	\$84.0M
Housing NSW	Bellambi - Bramsen Street Development	U/C	\$3.6M
Wollongong LGA	Fairy Meadow - Integrated residential development - 78 units, car parking	A	\$12.5M
	Russell Vale - Demolition of existing buildings and construction of new building	A	\$20.0M
	Wollongong - Seniors Living Development - 75 units, car parking, cafe	A	\$33.7M

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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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