



Illawarra Real Estate Report

DECEMBER 2015

Summary

The year to September 2015 saw an overall appreciation in Wollongong Statistical District's median property prices. The median price paid for houses climbed by 14.6% to \$550,000, a record high for the region. The median unit price also saw double digit growth, with an 11.1% lift reported during this period (to \$430,000).

There was positive news for property investors in the WSD, as the rental market continued to strengthen. The median weekly price for units, flats and townhouses rose by 2.9% to \$360, while the median weekly advertised price for houses was 10.9% higher than this time last year, at \$477.

Turning to the commercial building sector, the WSD recorded a lift of 64.5% in the value of non-residential building approvals (to \$405.3 Million), while ISD approvals contracted by 6.5% to \$506.1 Million.

3,172 dwellings were approved in the Illawarra Statistical District (ISD), a 36.4% rise. This consisted of 1,740 houses (up 12.6%) and 1,432 units, flats and townhouses (up 83.6%).

Wollongong Statistical District

The median price both for houses and units strengthened during the September 2015 quarter:

- » The three months to September saw the median house price climb 4.5% to \$585,000. This result was on the back of a 5.7% lift recorded during the June 2015 quarter.
- » The median unit price followed a similar trend, rising to \$442,250 (up 3.5%).
- » In contrast, WSD's median land price slumped to \$259,500, a 24.8% decrease.

Borrowing Costs

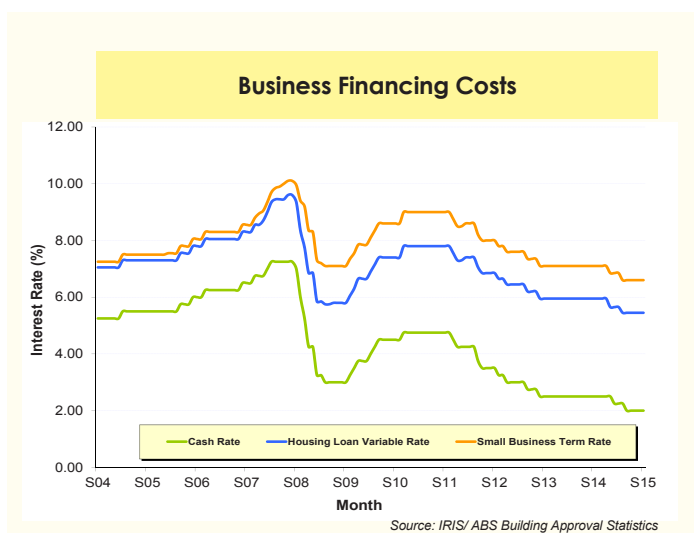
The Reserve Bank of Australia kept business and household borrowing costs in the Illawarra at an all-time low during the September quarter:

- » The cash rate (2.00%) and standard bank housing loan variable rate (5.45%) both remained unchanged during this period.
- » The RBA's decision to keep interest rates low has continued to generate demand for new dwellings in the ISD, with a 36.4% lift (to 3,172) recorded in dwelling approvals during the past 12 months.
- » 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 6.60% during the penultimate quarter of 2015.

Summary Table	Yr to Sep 14	Yr to Sep 15	Change %
Wollongong Statistical District			
Median House Price (\$)	480,000	550,000	14.6
Median Flat/Unit Price (\$)	387,000	430,000	11.1
Median Land Price (\$)	267,500	290,000	8.4
Median Weekly Rent Houses (\$)	430	477	10.9
Median Weekly Rent Units (\$)	350	360	2.9
Non-res Building (\$ Million)	246.4	405.3	64.5
Dwelling Approvals (No.)	1,366	1,628	19.2
Illawarra Statistical District			
Non-res Building (\$ Million)	541.0	506.1	-6.5
Dwelling Approvals (No.)	2,325	3,172	36.4

Wollongong SD	Jun 15 Qtr \$	Sep 15 Qtr \$	Quarterly Change %
Median House Price	560,000	585,000	4.5
Median Flat/Unit Price	427,500	442,250	3.5
Median Land Price	345,000	259,500	-24.8

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



Residential Property Market

Housing Prices

There was an overall upturn in median house prices throughout the Illawarra Statistical District (ISD) during the year to September 2015:

- » Wollongong LGA recorded double digit growth (up 10.0% to \$533,500), while Kiama (up 10.7% to \$675,000) and Shellharbour (up 15.1% to \$489,250) saw similar growth.
- » Looking at the Illawarra Balance; Wingecarribee LGA saw the median house price climb by 14.1% to \$485,000, while Shoalhaven LGA rose by 8.0% (to \$380,000) during the year to September 2015.

During the three months to September a similar trend emerged:

- » Wollongong LGA's median house price appreciated by 3.7% to \$590,250, while Shellharbour LGA cracked the half million dollar mark (up 5.1% to \$515,000).
- » Kiama LGA saw the median house price reach \$730,000, an all-time high for the region. At the same time, Wingecarribee LGA rose by 5.7% to \$512,500 and Shoalhaven climbed to \$395,000 (up 3.3%).

Flat/Unit Prices

Median property prices for WSD's medium to high density properties experienced an uplift during the twelve months to September:

- » There was considerable growth in the median unit price in Wollongong LGA, rising by 13.5% to \$440,000, an all-time high.
- » Shellharbour LGA saw the median unit price advance by 8.5% to \$389,500, while Kiama also experienced a strong annual result (to \$455,000, up 5.4%).
- » The Illawarra Balance recorded mixed changes, as Shoalhaven strengthened by 13.8% to \$305,000, while Wingecarribee dipped by 11.4% to \$410,000.

During the three months to September:

- » Shellharbour LGA declined to \$385,000, a 3.8% dip. Meanwhile Wollongong LGA's median unit price gained 2.7% to \$450,000.
- » The median unit prices for Shoalhaven LGA (up 4.4%) and Kiama LGA (up 4.8%) grew to \$335,000 and \$482,000 respectively.

Land Prices

The twelve months to September 2015 saw median land prices strengthen throughout the ISD with the exception of Kiama LGA:

- » Wollongong LGA (up 5.7% to \$255,750), Shellharbour LGA (up 22.8% to \$350,000), Shoalhaven (up 9.6% to \$160,250) and Wingecarribee (up 58.3% to \$285,000) all experienced an appreciation in their respective median land prices.
- » Kiama LGA saw the median land price dip by 4.2% during this period, falling from \$355,000 to \$340,000.

The quarterly analysis showed less favourable results for investors:

- » Wollongong LGA recorded a 30.5% decrease in the median land price (to \$227,500), while Kiama LGA decreased by 8.5% to \$325,000 and Wingecarribee depreciated to \$295,000 (a 5.9% fall).
- » At the same time, the median land price climbed 4.2% to \$375,000 in Shellharbour and rose 13.7% to \$180,000 in Shoalhaven.

House Prices	Yr to Sep 14 \$	Yr to Sep 15 \$	Yearly Change %
Wollongong LGA	485,000	533,500	10.0
Shellharbour LGA	425,000	489,250	15.1
Kiama LGA	610,000	675,000	10.7
Shoalhaven LGA	352,000	380,000	8.0
Wingecarribee LGA	425,000	485,000	14.1
Flat/Unit Prices	Yr to Sep 14 \$	Yr to Sep 15 \$	Yearly Change %
Wollongong LGA	387,750	440,000	13.5
Shellharbour LGA	359,000	389,500	8.5
Kiama LGA	431,500	455,000	5.4
Shoalhaven LGA	268,000	305,000	13.8
Wingecarribee LGA	462,500	410,000	-11.4
Land Prices	Yr to Sep 14 \$	Yr to Sep 15 \$	Yearly Change %
Wollongong LGA	242,000	255,750	5.7
Shellharbour LGA	285,000	350,000	22.8
Kiama LGA	355,000	340,000	-4.2
Shoalhaven LGA	146,225	160,250	9.6
Wingecarribee LGA	180,000	285,000	58.3

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

House Prices	Yr to Sep 14 \$	Yr to Sep 15 \$	Yearly Change %
Austinmer/Thirroul	770,000	922,500	19.8
Bulli/Woonona	630,000	740,000	17.5
Russell Vale to Fairy Meadow	540,000	625,000	15.7
Wollongong to Figtree	520,000	599,500	15.3
Unanderra to Mt Kembla	442,200	497,569	12.5
Dapto, Kanahooka, Koonawarra	387,500	442,500	14.2
Lake Heights to Windang	372,000	408,750	9.9
Lake Illawarra Sth to Oak Flats	381,250	440,000	15.4
Shellharbour	550,000	628,000	14.2
Kiama	620,000	685,000	10.5
Flat/Unit Prices	Yr to Sep 14 \$	Yr to Sep 15 \$	Yearly Change %
Bulli/Woonona	415,000	483,000	16.4
Russell Vale to Fairy Meadow	340,750	410,000	20.3
Wollongong to Figtree	403,000	439,000	8.9
Dapto, Kanahooka, Koonawarra	315,000	380,000	20.6
Lake Illawarra Sth to Oak Flats	286,500	340,000	18.7
Kiama	433,000	451,000	4.2

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

Building Approvals

Residential Building Approvals

The number of dwelling approvals lifted in both annual and quarterly terms:

- » A total of 3,172 dwellings were approved in the ISD during the 12 months to September (up 36.4%), consisting of 1,740 houses (up 12.6%) and 1,432 units, flats and townhouses (up 83.6%).
- » Across the WSD, dwelling approvals grew by 19.2% to 1,628. Approvals for units recorded a 47.5% lift, to 900, while the volume of houses approved dipped by 3.7% to 728.

Looking at the three months to September:

- » ISD approvals totalled 670, down 38.6%. There was a 16.9% fall in house approvals to 403, while unit approvals dipped by 56.0% to 267.

Cost of Residential Building Approvals

In annual terms, there was an overall lift in the total value of residential building approvals:

- » In the WSD, residential approvals totalled \$443.6 Million for the year to September (up 15.8% from \$383.0 Million).
- » At the same time, the cost of residential approvals progressed by 36.2% to \$856.0 Million in the ISD, in line with the growth trend apparent in NSW, whereby approvals reached \$17.1 Billion, up by 29.9%.

Weaker results were reported during the three months to September:

- » The total value of residential approvals in the ISD fell by 38.7% to \$173.0 Million, while WSD dwelling approvals dipped to \$95.9 Million.

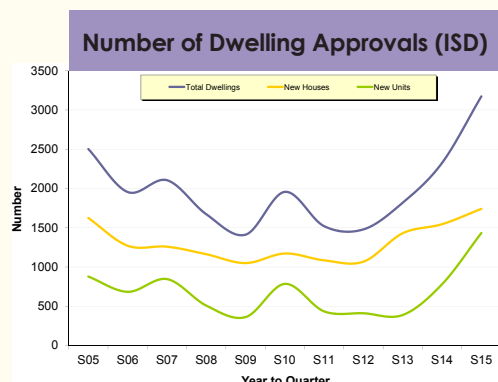
Non-Residential Building Approvals

The September quarter result revealed a boost in the total value of non-residential investment in the Illawarra:

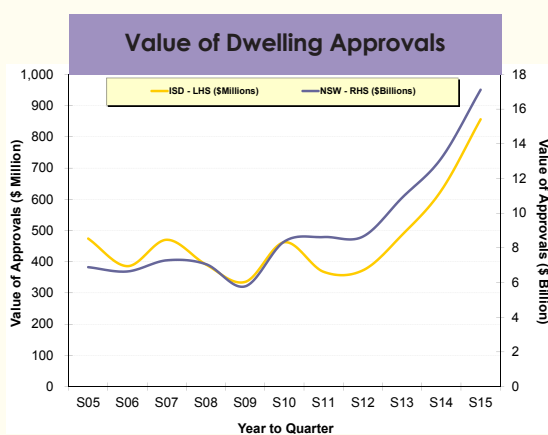
- » Total ISD non-residential approvals climbed to \$245.5 Million, up from \$53.0 Million last quarter. This strong result was driven by substantial private (\$121.0 Million) and public (\$124.5 Million) investment.
- » 90.6% of the aforementioned investment was generated in the Wollongong Statistical District (\$222.3 Million). Meanwhile, there was \$2.5 Billion of non-residential approvals during this period in NSW.

Key results for the year to September 2015 were as follows:

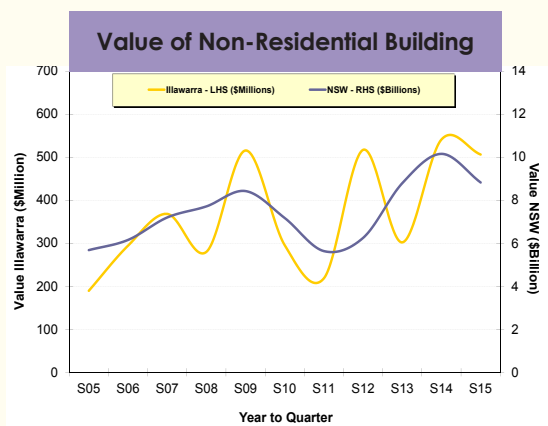
- » There was a total of \$506.1 Million of non-residential approvals for the ISD, down 6.5% on the year to September 2014. Private investment strengthened by 40.5% to \$354.5 Million, while public investment dropped 47.5% to \$151.6 Million.
- » Breaking down the results by category, sectors with growth included education (to \$151.3 Million), shops (to \$78.5 Million), other business premises (to \$55.7 Million), hotels (to \$44.9 Million and entertainment/recreation (\$31.3 Million).
- » At the same time, there were decreases recorded in the value of approvals were recorded for health (to \$104.7 Million), miscellaneous (to \$22.6 Million), offices (to \$14.8 Million), factories (to \$1.7 Million) and religious buildings (to \$600.0 Thousand).
- » NSW commercial building approvals tapered off during this period, down 13.1% to \$8.8 Billion due to declines in public (down 35.2% to \$1.5 Billion) and private (down 6.2% to \$7.4 Billion) investment.



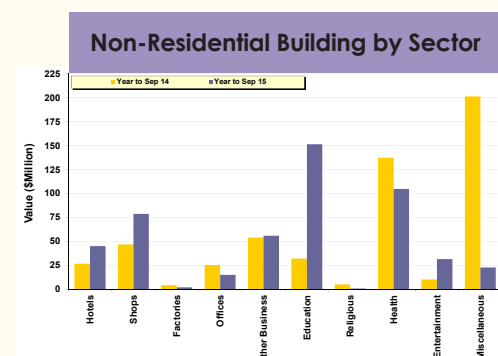
Source: IRIS/ ABS Building Approval Statistics



Source: IRIS/ ABS Building Approval Statistics



Source: IRIS/ ABS Building Approval Statistics



Source: IRIS/ ABS Building Approval Statistics

Rental Market

Rental Market

The year to September saw the average number of rental listings increase in the WSD, while median rental prices strengthened:

- » Compared to the previous year, there was a marginal lift in the average number of units advertised per week (from 47 to 49). At the same time, there was a rise in the median weekly unit price, up 2.9% to \$360.
- » The average number of houses advertised for lease rose by 30.4% (to 30). There was positive news for investors, with the median weekly house price climbing 10.9% to \$477, an all-time high.

The rental market saw an appreciation in average weekly values during the three months to September:

- » The volume of average weekly rental listings for houses sat at 31, a 3.1% decline. Listings for medium to high density properties decreased to an average of 47 per week, down by 9.6%.
- » The median weekly rental value climbed by \$10 per week for both houses (to \$470) and units (to \$360).

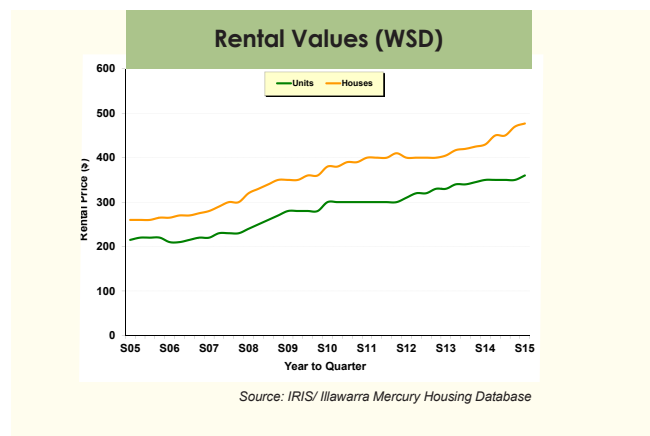
Rental Return on Investment

Looking at rental return on investment (RROI) for houses:

- » The areas of Dapto, Kanahooka, Koonawarra (5.2%) and Lake Illawarra South to Oak Flats (5.0%) stood out as the two areas with the highest RROI (%). Dapto, Kanahooka, Koonawarra also saw the largest appreciation in the median weekly rental price during this period (up 15.8%).
- » The suburb cluster of Austinmer/Thirroul (3.7%) and the Kiama area (3.6%) saw comparatively weaker rental yields during this period, with their respective median weekly rental prices sliding by 10.1% and 13.3%.

In terms of RROI for units:

- » Lake Illawarra South to Oak Flats held the highest RROI (%) at 5.2%, despite average weekly rental values remaining unchanged during the twelve months to September 2015.
- » Dapto, Kanahooka, Koonawarra saw the largest appreciation in average weekly rental prices for units, climbing by 23.2% to \$345.



Houses	Yr to Sep 14 \$	Yr to Sep 15 \$	RROI %
Austinmer/Thirroul	740	665	3.7
Bulli/Woonona	500	550	3.9
Russell Vale to Fairy Meadow	450	490	4.1
Wollongong to Figtree	450	500	4.3
Unanderra to Mt Kembla	400	430	4.5
Dapto, Kanahooka, Koonawarra	380	440	5.2
Lake Heights to Windang	365	380	4.8
Lake Illawarra Sth to Oak Flats	410	420	5.0
Shellharbour	520	570	4.7
Kiama	550	477	3.6
Flats/Units	Yr to Sep 14 \$	Yr to Sep 15 \$	RROI %
Bulli/Woonona	380	350	3.8
Russell Vale to Fairy Meadow	340	350	4.4
Wollongong to Figtree	350	360	4.3
Dapto, Kanahooka, Koonawarra	280	345	4.7
Lake Illawarra Sth to Oak Flats	340	340	5.2
Kiama	490	420	4.8

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

Further information & enquiries:

Michael Di Leo, Research Director, or
Alex Stewart, Research Analyst

Phone: (02) 4285 4446 Fax: (02) 4285 4448
Web: <http://www.iris.org.au> Email: research@iris.org.au
Postal: University of Wollongong,
Northfields Avenue,
Wollongong, NSW 2522
Office: Level 1 iC Central,
Innovation Campus,
Squires Way,
North Wollongong, NSW 2500
ACN 002 278 793 ABN 16 002 278 793

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, Estate Agents Cooperative, the State Government 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.