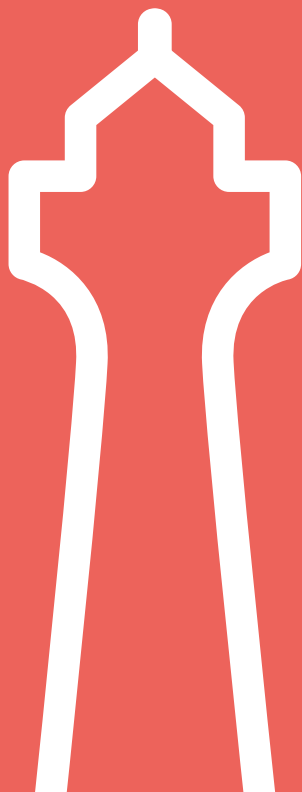


# PROFILE ILLAWARRA

JUNE 2016



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# HIGHLIGHTS



Coal production for the year to March 2016 was stagnant at 16.0 million tonnes. Meanwhile, average employment fell 9.1% to 2,569. This caused a 9.9% increase in productivity.

Port Kembla saw exports fall 16.5% to 13.9 million tonnes and imports lift 15.7% to 12.5 million tonnes.

Tourism expenditure in the Illawarra was down 0.9% to \$866 million over the twelve months to March 2016. This was on the back of poor results for domestic overnight tourism, where the number of visitors and nights as well as expenditure worsened.

Looking at local trading conditions in the June quarter, a net 10.6% of Illawarra firms experienced stronger conditions, up 3.4% pts on last year.

Increased participation in the labour force led to a 5.8% lift in the number of persons employed to 141,900 and a rise in local unemployment to 6.8%.

## ANNUAL STATE OF THE REGION

HOUSE SALES	<b>2,842</b>
UNIT SALES	<b>1,108</b>
LAND LOT SALES	<b>186</b>
UNEMPLOYMENT	<b>6.8%</b>
YOUTH UNEMPLOYMENT	<b>15.6%</b>
EMPLOYED PERSONS	<b>141,900</b>



- Rental market results were positive for investors with the median weekly house price up 11.1% to \$500 and the median weekly unit price up 10.0% to \$385.
- The property market also strengthened with the median WSD house price increasing to \$576,500, up 13.2% (2,842 sales). The median WSD unit price rose 8.6% to \$440,000 (1,108 sales).
- A total of 3,453 dwellings were approved in the ISD during the year to March 2016, up 30.4% on the year to March 2015. This consisted of 1,676 houses (up 1.3%) and 1,777 units, flats and townhouses (up 79.0%).
- The value of ISD non-residential building approvals more than doubled to \$510.7 million. This was mostly on the back of a 188.1% surge in public investment.

TONNES OF COAL	16.0 MILLION
TONNES OF EXPORTS	13.9 MILLION
TONNES OF IMPORTS	12.5 MILLION
DOMESTIC VISITOR NIGHTS	2.7 MILLION
TOURISM EXPENDITURE	\$866 MILLION
NON-RES BUILDING APPROVALS	\$511 MILLION

# TRADE

## SOUTHERN MINES COAL PRODUCTION



**The year to March 2016 saw stagnant production and a further decline in employment.**

**During the three months to March 2016:**

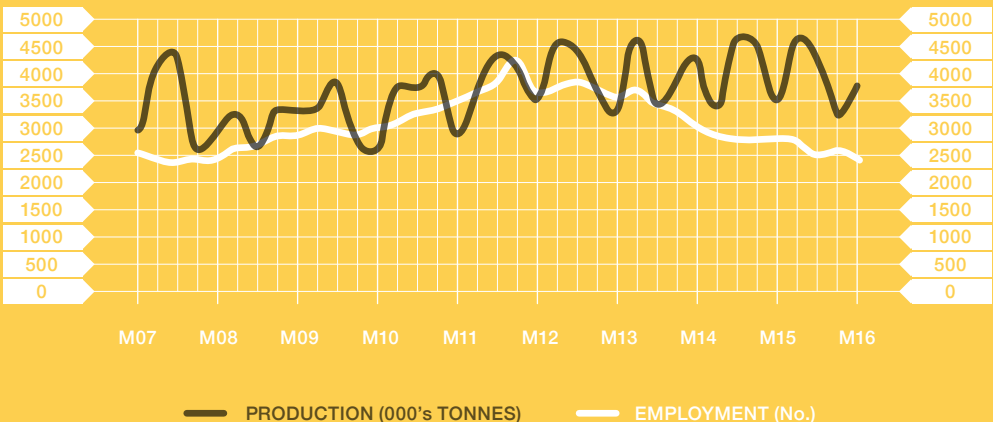
A total of 16.0 million tonnes was produced. This is the same result as the year to March 2015. Over the year average employment fell 9.1% to 2,569.

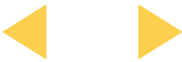
Falling employment but steady production caused yearly productivity to increase to 1.5 million tonnes per employee, up 9.9% on the year to March 2015 (1.29 million).

Total coal production climbed to 3.7 million tonnes in the March quarter, up 12.9% from the December quarter result of 3.3 million tonnes.

Employment experienced a slight fall of 4.8% to 2,444 over the period. These results led to quarterly productivity lifting 18.6% to 1.53 million tonnes per employee.

## SOUTHERN MINES COAL PRODUCTION





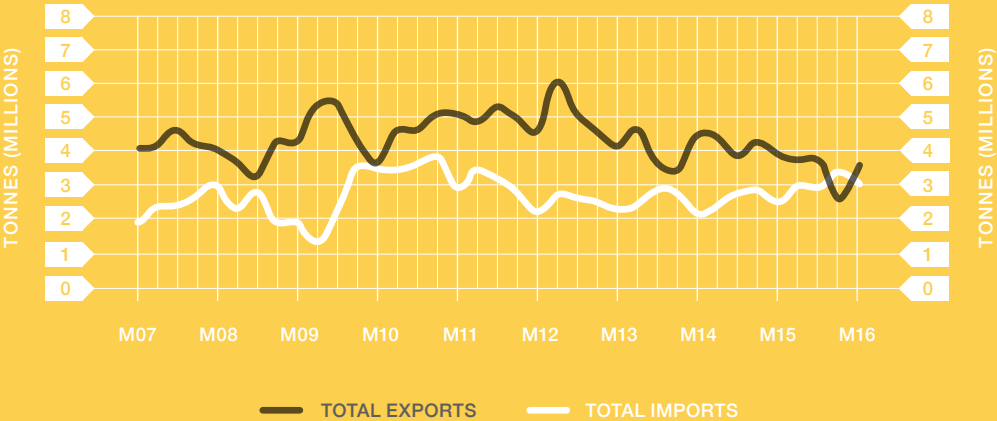
# PORT KEMBLA TRADE

Over the twelve months to March 2016 exports fell and imports rose.

Results for the March quarter:

- Port Kembla reported a lift in imports to 12.5 million tonnes, up 15.7% on the year to March 2015. In the same timeframe there was a 16.5% fall in exports to 13.9 million tonnes.
- Imports totalled 3.1 million tonnes, the highest March quarter result since 2010. However, this was an 8.8% decrease on the December quarter (3.4 million tonnes).
- Exports totalled 3.6 million, the lowest March quarter result for the past decade. This represents a 33.3% increase on the below-average December quarter result of 2.7 million tonnes.
- The March quarter saw the reversion to exports outweighing imports.

## PORT KEMBLA TRADE



# TOURISM ACTIVITY



The latest data from Destination NSW has shown that while overall guest nights are up, expenditure is slightly down.

The average daytrip visitor spent \$91 per trip, down 8.2% on the year to March 2015. However, the number of daytrips to the Illawarra climbed 18.6% to 4.2 million, leading to domestic daytrip expenditure rising to \$376 million, up 6.5% on last year.

The year to March saw 974,000 domestic overnight visitors travel to the region, down 6.8%. The number of nights spent by these travellers also fell, down 11.4% to 2.7 million. They spent approximately \$118 per night, a 14.2% drop on the year to March 2015. These unfavourable movements combined to produce a 24.0% downturn in domestic overnight expenditure to \$313 million.

## NIGHTS (,000)

	Year to Mar 15	Year to Mar 16	Change (%)
Domestic Daytrips	3,553	4,214	18.6
Domestic Visitor Nights	2,996	2,665	-11.4
International Visitor Nights	1,401	2,029	44.8





Over the year there were 69,700 international visitors to the Illawarra, up 23.4%. Visitors tended to stay longer with international visitor nights lifting 44.8% to 2.0 million. On average, they spent \$87 per night, up 11.4% on the year to March 2015. The combined effect of these increases was a 62.4% boost to international overnight travel expenditure to \$177 million.

Overall, tourism expenditure totalled \$866 million, down 0.9% on last year's result (\$874 million). The strengthening of international tourism was not enough to compensate for losses to domestic overnight travel.

# EXPENDITURE (\$M)

	Year to Mar 15	Year to Mar 16	Change (%)
Domestic Daytrips	353	376	6.5
Domestic Visitor Nights	412	313	-24.0
International Visitor Nights	109	177	62.4
<b>TOTAL</b>	<b>874</b>	<b>866</b>	<b>-0.9</b>



# LABOUR MARKET



A greater number of Illawarra residents participated in the labour market over the past year, leading to an increase in both the number of persons employed and the number of persons looking for work.

- On average, 141,900 persons were employed in the Illawarra, up 5.8% on the year to March 2016.
- The local participation rate climbed 3.0% pts to 61.3% over the twelve-month period.
- The unemployment rate increased 1.0% pts to 6.8%.
- The Illawarra youth unemployment rate rose to 15.6%, up 1.8% pts on last year.
- The average number of persons receiving unemployment benefits grew 12.9% to 8,387.

## ISD LABOUR MARKET STATISTICS YEAR OVER YEAR

	Year to Mar 15 (Ave.)	Year to Mar 16 (Ave.)
EMPLOYMENT (000's)	134.1	141.9
UNEMPLOYMENT RATE (%)	5.8	6.8
PARTICIPATION RATE (%)	58.3	61.3
YOUTH UNEMPLOYMENT RATE (%)	13.8	15.6
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,428	8,387





Labour market results  
for the three months  
to March:

- The number of persons employed decreased over the quarter to 143,500, down 2.3% on last year.
- The ISD participation rate lifted 0.7% pts to 62.7%.
- Unemployment figures deteriorated over the period with the local unemployment rate increasing 3.6% pts to 8.2% and the youth unemployment rate more than doubled to 24.3%.
- Higher unemployment led to the number of unemployment benefit recipients lifting 15.6% to 9,107.

ISD LABOUR  
MARKET STATISTICS  
BY QUARTER

	Dec 15 Qtr (Ave.)	Mar 16 Qtr (Ave.)
EMPLOYMENT (000's)	146.9	143.5
UNEMPLOYMENT RATE (%)	4.6	8.2
PARTICIPATION RATE (%)	62.0	62.7
YOUTH UNEMPLOYMENT RATE (%)	12.0	24.3
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,880	9,107

# RENTAL MARKET

The year to March 2016 saw positive results for investors in the rental market for both houses and units.

Results for the three months to March 2016:

The median weekly rental price for houses rose 11.1% to \$500. Meanwhile, the average number of houses advertised per week increased from 24 to 27.

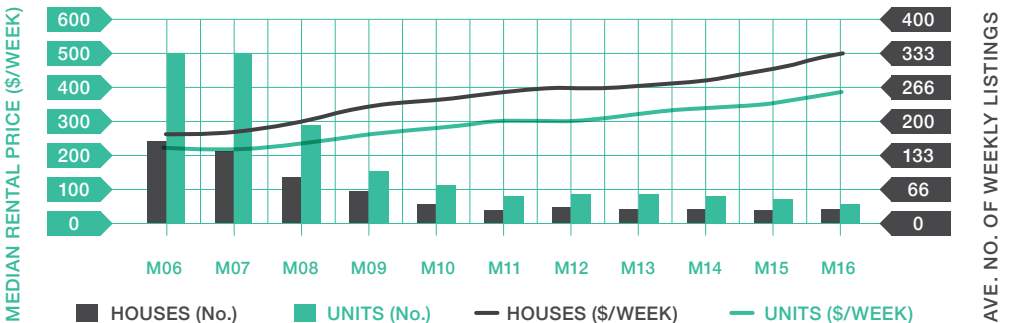
Units saw similar growth with the median rental price up 10.0% to \$385 per week. In contrast to houses, the average number of units advertised per week fell from 47 to 40.

The average number of weekly rentals advertised fell 20.0% to 20 for houses and 23.5% to 26 for units.

The median weekly rental price for houses climbed 4.2% to \$500. The value for units showed similar growth of 5.6% to \$380 per week over the period.

## RENTAL MARKET VALUES

		YEAR TO MAR 15	YEAR TO MAR 16	CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	450	500	11.1
	AVERAGE WEEKLY LISTINGS (NO.)	24	27	12.5
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	260	257	-1.2
	AVERAGE WEEKLY LISTINGS (NO.)	8	6	-25.0
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	340	370	8.8
	AVERAGE WEEKLY LISTINGS (NO.)	26	21	-19.2
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	350	385	10.0
	AVERAGE WEEKLY LISTINGS (NO.)	47	40	-14.9





# SELECTED AREAS

Looking at selected areas during the twelve months to March 2016:

- In terms of houses, Wollongong to Figtree saw the highest growth, up 17.4% to \$540 per week. Kiama was stagnant at \$490 per week whilst median weekly rent for houses in Albion Park to Albion Park Rail fell 2.2% to \$440.
- For units, median weekly rent in Unanderra to Mount Kembla increased 24.1% to \$360. Several areas experienced drops including Bulli/Woonona, Shellharbour and Lake Illawarra Sth. to Oak Flats.

# MEDIAN RENTS FOR SELECTED AREAS

	HOUSES			UNITS/FLATS/TOWNHOUSES		
	YEAR TO MAR 15	YEAR TO MAR 16	YEARLY CHANGE	YEAR TO MAR 15	YEAR TO MAR 16	YEARLY CHANGE
AUSTINMER/THIRROUL	695	700	0.7	440	495	12.5
BULLI/WOONONA	530	580	9.4	392	350	-10.7
RUSSELL VALE TO FAIRY MEADOW	480	500	4.2	330	360	9.1
WOLLONGONG TO FIGTREE	460	540	17.4	350	400	14.3
UNANDERRA TO MOUNT KEMBLA	420	450	7.1	290	360	24.1
DAPTO/KANAHOOKA/KOONAWARRA	415	450	8.4	340	350	2.9
LAKE HEIGHTS TO WINDANG	367	380	5.6	260	280	7.7
ALBION PARK TO ALBION PARK RAIL	450	400	9.0	335	382	14.0
LAKE ILLAWARRA STH. TO OAK FLATS	400	450	12.5	350	340	-2.9
SHELLHARBOUR	540	580	7.4	435	420	-3.4
KIAMA	490	490	0.0	427	465	8.9

# PROPERTY

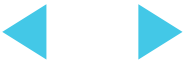


## Median property prices across the Illawarra strengthened over the 12 months to March 2016.

- The median price for houses in the WSD lifted 13.2% to \$576,500. Over the same period, the median WSD unit price rose 8.6% to \$440,000 and land saw a boost to \$324,000, up 15.7%.
- Looking at the market for houses in the ISD, Kiama LGA experienced the highest growth at 19.0%. This was followed by Shellharbour LGA (up 15.6% to \$520,000) and Wollongong LGA (up 14.7% to \$585,000).
- Median unit prices grew 13.0% to \$325,000 in Shoalhaven LGA, the highest recorded in the ISD. This was followed by Shellharbour LGA (up 12.2% to \$415,000) and Wingecarribee LGA (up 11.1% to \$500,000).
- Land prices saw double-digit growth in all local government areas with the exception of Kiama LGA (down 1.4% to \$355,000).

## MEDIAN PROPERTY VALUES

	YEAR TO MAR 15	YEAR TO MAR 16	CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	509,500	576,500	13.2
WOLLONGONG LGA	510,000	585,000	14.7
SHELLHARBOUR LGA	450,000	520,000	15.6
KIAMA LGA	630,000	750,000	19.0
SHOALHAVEN LGA	360,000	395,000	9.7
WINGECARRIBEE LGA	443,000	506,700	14.4
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	405,000	440,000	8.6
WOLLONGONG LGA	405,000	445,000	9.9
SHELLHARBOUR LGA	370,000	415,000	12.2
KIAMA LGA	450,000	495,000	10.0
SHOALHAVEN LGA	287,500	325,000	13.0
WINGECARRIBEE LGA	450,000	500,000	11.1
LAND			
WOLLONGONG STATISTICAL DISTRICT	280,000	324,000	15.7
WOLLONGONG LGA	230,000	280,000	21.7
SHELLHARBOUR LGA	319,000	375,000	17.6
KIAMA LGA	360,000	355,000	-1.4
SHOALHAVEN LGA	150,000	165,000	10.0
WINGECARRIBEE LGA	195,000	240,000	23.1



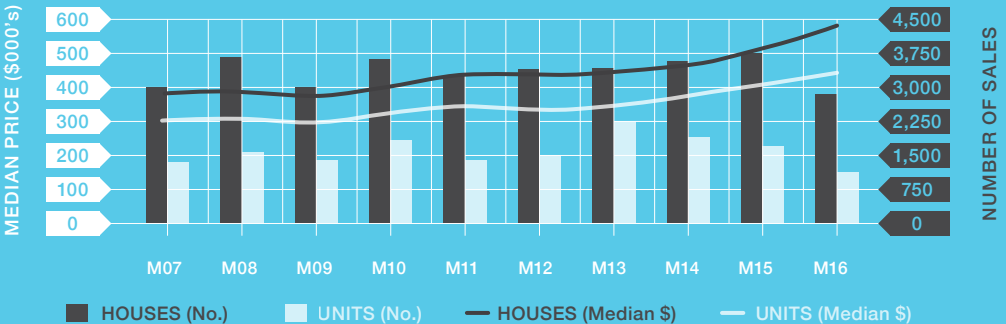
Looking at the March quarter:

- Median house prices in the WSD grew 4.3% to \$599,975 over the three-month period. The WSD unit price rose 1.1% to \$455,062 whilst the median land price depreciated 27.5% to \$321,000.
- In the market for houses, Wollongong LGA (up 10.0% to \$605,000) and Kiama LGA (up 7.3% to \$813,000) saw growth whilst Shellharbour LGA (down 1.6% to \$530,000), Wingecarribee LGA (down 2.7% to \$535,000) and Shoalhaven LGA (down 4.0% to \$412,500) contracted over the quarter.
- Median unit prices for Kiama LGA (up 7.8% to \$520,000) and Shellharbour LGA (up 3.9% to \$439,000) appreciated over the three-month period. Shoalhaven LGA (down 1.5% to \$320,000), Wollongong LGA (down 6.0% to \$452,500) and Wingecarribee LGA (down 9.3% to \$585,000) weakened.
- With the exception of Shoalhaven LGA (up 13.7% to \$213,500) all other areas saw falls in median land price. However, quarterly median land price results must be taken with caution due to relatively few sales.

SALES

YEAR TO MAR 16

	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	2,842	1,108	186
WOLLONGONG LGA	1,606	796	109
SHELLHARBOUR LGA	905	224	37
KIAMA LGA	331	115	40
SHOALHAVEN LGA	1,678	177	254
WINGECARRIBEE LGA	616	119	43



# DWELLING APPROVALS

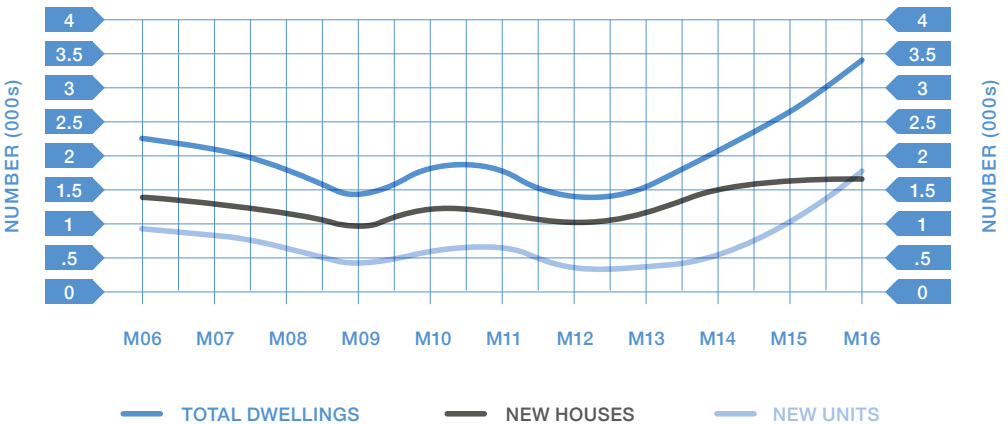
Dwelling approvals were up for the year, though the March quarter was relatively poor compared to the preceding quarters.

A total of 3,453 dwellings were approved in the ISD during the year to March 2016, up 30.4% on the year to March 2015. This consisted of 1,676 houses (up 1.3%) and 1,777 units, flats and townhouses (up 79.0%).

Across the WSD, dwelling approvals in the 12 months to March rose by 23.5% to 1,840. The majority of growth was in units, up 35.7% to 1,118, whilst the volume of houses approved grew to 722, up 8.4%.

In the three months to March, ISD approvals totalled 675, down 33.6% on the preceding quarter. A December quarter spike (610) in unit approvals led to a 52.0% fall to 293 in the March quarter as the market returned to trend.

## NUMBER OF DWELLING APPROVALS





# DWELLING APPROVALS BY LGA

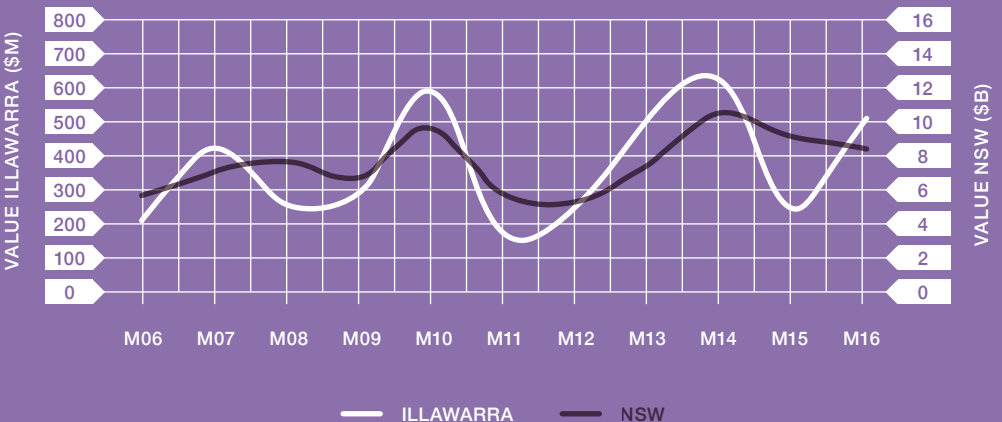
	YEAR TO QUARTER				
	M12	M13	M14	M15	M16
WOLLONGONG LGA	557	539	830	928	1,165
SHELLHARBOUR LGA	230	353	415	519	587
KIAMA LGA	28	8	66	43	88
SHOALHAVEN LGA	442	536	562	689	688
WINGECARRIBEE LGA	136	135	195	468	925

# NON-RESIDENTIAL BUILDING APPROVALS

## Key results for the year to March 2016:

- ISD non-residential building approvals totalled \$510.7 million, more than double the result for the year to March 2015 (\$250.0 million). Private investment rose 73.1% (to \$315.8 million) while public investment strengthened 188.1% (to \$194.9 million).
- Sectors showing growth include education (to \$141.9 million), entertainment and recreation (to \$66.9 million), health (to \$58.2 million), and offices (\$21.6 million).
- Commercial building approvals in NSW tapered off, down 7.9% on the year to March 2015 (\$9.2 billion) and now sitting at \$8.5 billion. Private investment accounted for 77.4% (\$6.6 billion) of this investment.

## VALUE OF NON-RESIDENTIAL BUILDING APPROVALS







## The three months to March saw a fall in the total value of non-residential investment in the Illawarra.

- ISD non-residential approvals totalled \$44.3 million, down \$29.2 million on the 2015 March quarter. This was primarily driven by falling private investment (down 47.8% to \$35.2 million).
- 65.1% of the aforementioned investment was generated in the WSD (\$28.8 million). Meanwhile, there was \$1.9 billion of non-residential approvals during the quarter in NSW.

# TRADING ACTIVITY



A net 10.6% of Illawarra firms experienced stronger trading conditions, up 3.4% pts on the June 2015 quarter.

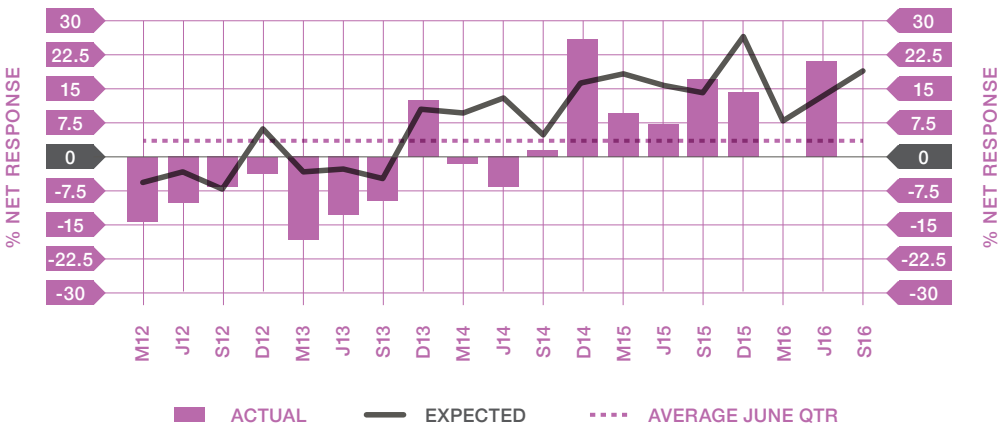
Looking ahead, a net 18.5% of local businesses anticipate trading conditions to improve next quarter. This result is 7.1% pts above the long-term average September expectation level.

For small businesses, the *Trading Conditions Index* improved 2.4% pts in the year to June 2016. Conditions are expected to strongly improve going into the next quarter.

A net 26.1% of medium businesses experienced stronger trading activity, a steady result when compared with this time last year.

For large firms, trading conditions were stagnant, a trend which is expected to continue into the next quarter.

## TRADING CONDITIONS





# 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 'A', a project which has been completed in the current quarter is indicated by 'C' and those currently under construction or have had their construction certificates approved are indicated by 'U/C'.

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	C	\$106.1m
	Wollongong – New Multi-Storey Car Park	C	\$32.3m
IRT	Tarrawanna – IRT Care Centre	C	\$26.0m
	Kanahooka – 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
University of Wollongong	New Works – Bus Interchange – Northfields Av	C	\$1.5m
	URAC Facilities Upgrade	C	\$2.0m
	Unicentre Alterations	U/C	\$4.3m
Roads and Maritime Services	Gerrington – Princes Hwy upgrade between Mount Pleasant and Toolijooa Rd	C	\$340.0m
	Berry Bypass – Princes Hwy upgrade between Toolijooa Rd and south of Andersons Ln	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, café	U/C	\$33.7m



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#### **Report Notes**

The Profile Illawarra Report is produced quarterly by IRIS as an indicator of the regional. 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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