

# PROFILE ILLAWARRA

SEPTEMBER 2016



# HIGHLIGHTS



Coal production for the year to June 2016 was down 12.5% to 15.1 million tonnes. Average employment fell 10.9% to 2,486, causing productivity to weaken 1.8% over the year.

Port Kembla saw exports fall 13.8% to 13.8 million tonnes and imports lift 12.7% to 12.8 million tonnes.

Tourism expenditure in the South Coast region was down 6.2% to \$2.2 billion on the back of weaker results for domestic overnight tourism. International tourism and domestic daytrip travel improved over the year.

Employment figures were positive with the local unemployment rate decreasing 0.3% pts to 6.4% and the number of employed persons in the Illawarra up 8.1% to 144,500.

From an investor's perspective, the rental market continued to improve with the median WSD house price up 6.4% to \$500 per week and the median WSD unit price up 17.1% to \$410 per week over the year to June 2016.

## ANNUAL STATE OF THE REGION

HOUSE SALES	2,972
UNIT SALES	1,063
LAND LOT SALES	224
UNEMPLOYMENT	6.4%
YOUTH UNEMPLOYMENT	15.9%
EMPLOYED PERSONS	144,500



Looking at the property market over the year, the median WSD purchase price for houses was up 8.6% to \$570,000 (2,972 sales) and up 7.4% to \$450,000 for units (1,063 sales).

A total of 3,328 dwellings were approved in the ISD during the year. This consisted of 1,730 houses (down 3.7%) and 1,598 units, flats and townhouses (up 16.0%).

The value of non-residential building approvals in the Illawarra almost doubled to \$604.9 million on the back of a large increase in public investment through health and education.

Local trading activity strengthened in the September quarter with a net 17.7% of local businesses experiencing stronger trading conditions, 11.0% above the long-term September quarter average.

TONNES OF COAL	15.1 MILLION
TONNES OF EXPORTS	13.8 MILLION
TONNES OF IMPORTS	12.8 MILLION
DOMESTIC VISITOR NIGHTS	11,768 MILLION
TOURISM EXPENDITURE	\$2,248 MILLION
NON-RES BUILDING APPROVALS	\$604.9 MILLION

Note: Destination NSW no longer publishes tourism statistics for the Illawarra. IRIS has chosen instead to provide Destination NSW statistics for the South Coast region.

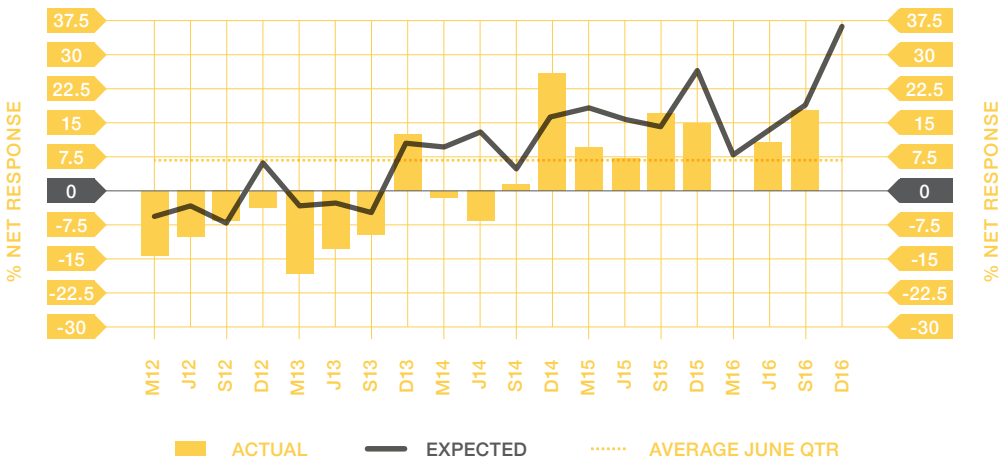
# TRADING ACTIVITY



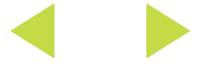
The three months to September saw above-average trading activity, which is expected to continue into the next quarter.

- A net 17.7% of local businesses experienced stronger trading conditions, up 0.8% pts on the September 2015 quarter and sitting 11.0% pts above the long-term September quarter average.
- Expectations are high heading into the December quarter with a net 36.2% of Illawarra firms anticipating improved trading activity. This result is 14.7% pts above the long-term December expectation level and is the highest since 2003.
- Trading conditions for small businesses improved 1.7% pts to 16.1%. Outlook is high heading into the next quarter with 35.6% forecasting increased trading activity.
- The net score for medium businesses was down 9.3% pts to 29.4% but is expected to improve in the three months to December.

## TRADING CONDITIONS



# CONSUMER SENTIMENT



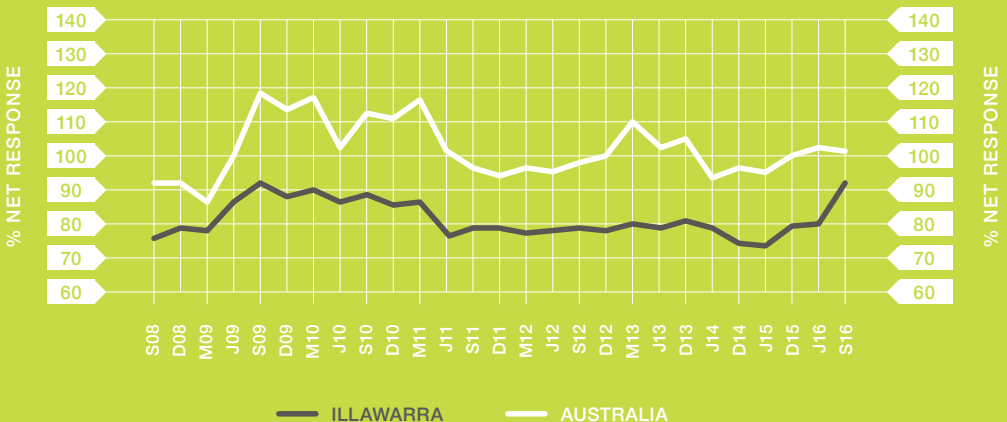
## Consumer sentiment in the Illawarra is at its highest point in seven years

The Illawarra Consumer Sentiment Index shot up 12 pts to 92 pts over the quarter. This result sits 3 pts above the long-term September quarter average.

The boost was driven by significant improvements in the financial position of local residents through higher disposable income and steady debt as well as improved perception of national economic conditions.

Westpac's Australian Consumer Sentiment Index was steady at 101 pts, down 1 pt on the June quarter and sitting 6 pts below the September quarter average. The gap between the Australian and Illawarra indices is the lowest since the 2009 March quarter.

## CONSUMER SENTIMENT



# TRADE

## SOUTHERN MINES COAL PRODUCTION

The year to June 2016 saw declines in coal production and employment.

A total of 15.1 million tonnes was produced, down 12.5% on the year to June 2015. Over the same timeframe average employment fell 10.9% to 2,486.

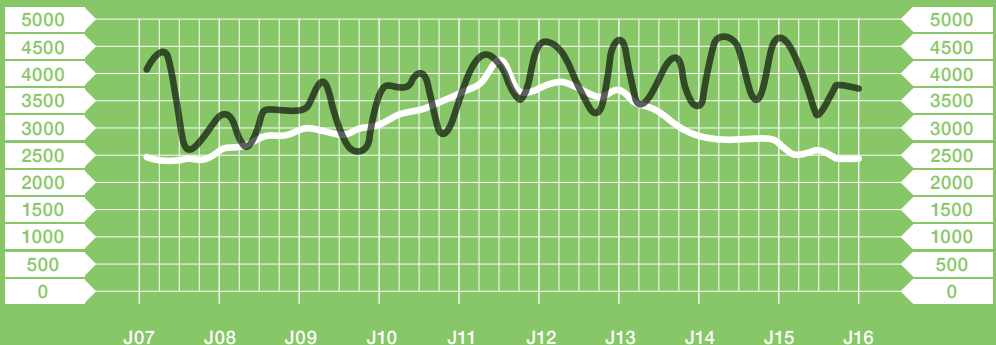
Yearly productivity fell 1.8% to 6.07 million tonnes per employee.

During the three months to June 2016:

Total coal production was steady at 3.7 million tonnes, up 0.1% on the March quarter.

Average employment was down 0.4% to 2,434 over the period. These results left quarterly productivity fairly steady at 1.54 million tonnes per employee, up 0.5%.

## SOUTHERN MINES COAL PRODUCTION



— PRODUCTION (000's TONNES)

— EMPLOYMENT (No.)



## PORT KEMBLA TRADE

The year to June 2016 saw exports continue to fall and imports rise.

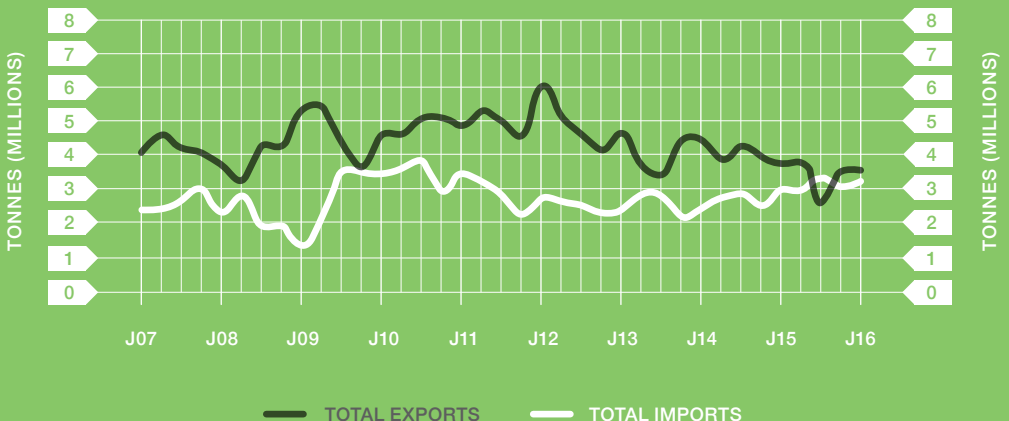
Results for the June quarter:

Port Kembla reported a decline in exports to 13.8 million tonnes, down 13.8% on the year to March 2015. Over the same period there was a 12.7% lift in imports to 12.8 million tonnes.

Exports totalled 3.7 million tonnes, up 1.5% on the March quarter.

Imported totalled 3.3 million tonnes, a 6.2% increase on the previous quarter.

## PORT KEMBLA TRADE



# TOURISM ACTIVITY



The latest data from Destination NSW for the South Coast has shown that, for the second consecutive quarter, overall guest nights are up but tourism expenditure has tapered off.

- The average daytrip visitor spent \$88 per trip, down 17.0% on the year to June 2015. However, the number of daytrips to the South Coast strengthened 21.0% to 7.0 million. These results combined to leave daytrip expenditure relatively unchanged at \$615 million, up 0.3% on last year.
- There were 3.5 million domestic overnight visitors to the South Coast in the 12 months to June 2016, up 3.2%. Nights spent in the region by these visitors was down 2.5% to 11.8 million. They spent \$121 per night, down 9.1% on last year. This led to domestic overnight expenditure falling 11.3% to \$1.4 billion.

## NIGHTS (,000)

	Year to June 15	Year to June 16	Change (%)
Domestic Daytrips	5,803	7,020	21.0
Domestic Visitor Nights	12,072	11,768	-2.5
International Visitor Nights	2,098	2,305	9.9



Note: Destination NSW no longer publishes tourism statistics for the Illawarra. IRIS has chosen instead to provide Destination NSW statistics for the South Coast region.



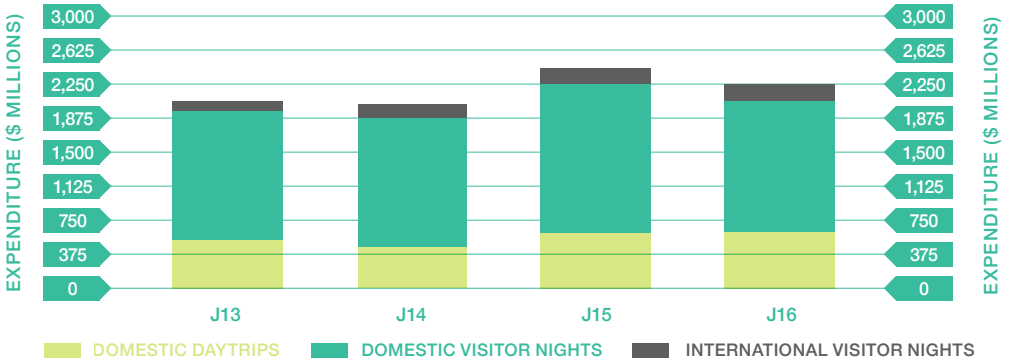


- The year to June 2016 saw 133,600 international tourists visit the region, up 7.1%. On average, they had longer holidays with international nights up 9.9% to 2.3 million. They spent \$91 per night, up 7.8% on last year. These results caused an 18.0% boost to international overnight expenditure to \$210 million.

- Overall, tourism expenditure totalled \$2.2 billion, down 6.2% on last year's result (\$2.4 billion). This result was driven a weaker market for domestic overnight travel.

## EXPENDITURE (\$M)

	Year to June 15	Year to June 16	Change (%)
Domestic Daytrips	613	615	0.3
Domestic Visitor Nights	1,605	1,423	-11.3
International Visitor Nights	178	210	18.0
<b>TOTAL</b>	<b>2,396</b>	<b>2,248</b>	<b>-6.2</b>



# LABOUR MARKET



A boost to workforce participation led to an increase in the number of employed persons in the Illawarra as well as a fall in the local unemployment rate.

- On average, 144,500 persons were employed in the Illawarra, up 8.1% on the year to June 2015.
- The unemployment rate fell 0.3% pts to 6.4%.
- The local participation rate climbed 3.7% pts to 62.0% over the period.
- The Illawarra youth unemployment rate was up 1.3% pts to 15.9%.
- The average number of persons receiving unemployment benefits grew to 8,583, up 14.8%.

## ISD LABOUR MARKET STATISTICS YEAR OVER YEAR

	Year to June 15 (Ave.)	Year to June 16 (Ave.)
EMPLOYMENT (000's)	133.6	144.5
UNEMPLOYMENT RATE (%)	6.7	6.4
PARTICIPATION RATE (%)	58.3	62.0
YOUTH UNEMPLOYMENT RATE (%)	14.6	15.9
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,475	8,583



Labour market results  
for the three months  
to June:

- The number of persons employed increased 1.3% to 145,400.
- The ISD participation rate was steady, down 0.1% pts to 62.6%.
- Unemployment figures improved over the period with the local unemployment rate decreasing 1.1% pts to 7.1% and the youth unemployment rate falling 6.8% pts to 17.5%.
- Lower unemployment caused the average number of unemployment benefit recipients to drop 7.8% to 8,397 over the quarter.

ISD LABOUR  
MARKET STATISTICS  
BY QUARTER

	Mar 16 Qtr (Ave.)	June 16 Qtr (Ave.)
EMPLOYMENT (000's)	143.5	145.4
UNEMPLOYMENT RATE (%)	8.2	7.1
PARTICIPATION RATE (%)	62.7	62.6
YOUTH UNEMPLOYMENT RATE (%)	24.3	17.5
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	9,107	8,397

# RENTAL MARKET



The year to June 2016 was positive for investors with rent up for both houses and units.

Results for the three months to June 2016:

• The median weekly rental price for houses rose 6.4% to \$500. The average number of houses advertised per week was steady at 26.

• The median weekly rental price for units lifted 17.1% to \$410. The average number of units advertised per week fell from 48 to 35.

• The median weekly rental price for houses increased 4.0% to \$520 for houses and 5.3% to \$400 for units.

• The average number of weekly rentals advertised increased for both units (from 26 to 30) and houses (from 20 to 26).

## RENTAL MARKET VALUES

		YEAR TO JUNE 15	YEAR TO JUNE 16	CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	470	500	6.4
	AVERAGE WEEKLY LISTINGS (NO.)	26	26	0.0
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	260	270	3.8
	AVERAGE WEEKLY LISTINGS (NO.)	9	4	-55.6
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	350	380	8.6
	AVERAGE WEEKLY LISTINGS (NO.)	26	18	-30.8
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	350	410	17.1
	AVERAGE WEEKLY LISTINGS (NO.)	48	35	-27.1



## SELECTED AREAS

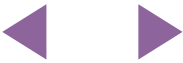
Looking at selected areas during the twelve months to June 2016:

- In terms of houses, Lake Heights to Windang saw the highest growth, up 16.8% to \$432, followed by Unanderra to Mount Kembla, up 16.3% to \$500. Meanwhile, Austinmer/Thirroul fell 0.7% to \$690.
- For units, Dapto/Kanahooka /Koonawarra saw the highest growth, up 30.1% to \$367. This was followed by Unanderra to Mount Kembla, up 20.7% to \$350 and Wollongong to Figtree, up 20.0% to \$420. Over the year the median weekly unit price for Bulli/Woonona fell 2.7% to \$360.

## MEDIAN RENTS FOR SELECTED AREAS

	HOUSES			UNITS/FLATS/TOWNHOUSES		
	YEAR TO JUNE 15	YEAR TO JUNE 16	YEARLY CHANGE	YEAR TO JUNE 15	YEAR TO JUNE 16	YEARLY CHANGE
AUSTINMER/THIRROUL	695	690	-0.7	465	500	7.5
BULLI/WOONONA	570	580	1.8	370	360	-2.7
RUSSELL VALE TO FAIRY MEADOW	495	522	5.5	340	370	8.8
WOLLONGONG TO FIGTREE	480	540	12.2	350	420	20.0
UNANDERRA TO MOUNT KEMBLA	430	500	16.3	290	350	20.7
DAPTO/KANAHOOKA/KOONAWARRA	440	480	9.1	282	367	30.1
LAKE HEIGHTS TO WINDANG	370	432	16.8	270	290	7.4
ALBION PARK TO ALBION PARK RAIL	440	465	5.7	410	420	2.4
LAKE ILLAWARRA STH. TO OAK FLATS	420	460	9.5	350	360	2.9
SHELLHARBOUR	550	575	4.5	442	505	14.3
KIAMA	490	532	8.6	420	470	11.9

# PROPERTY



Median property prices across the Illawarra continued to strengthen over the 12 months to June 2016.

- The median purchase price for houses in the WSD climbed 8.6% to \$570,000. Units saw similar growth, up 7.4% to \$450,000 while the median land price lifted 6.2% to \$324,000.
- Looking at the market for houses in the ISD, Kiama LGA recorded the highest growth, up 15.4% to \$750,000. This was followed by Wingecarribee LGA (up 12.9% to \$525,000) and Shellharbour LGA (up 10.8% to \$515,000).
- The median purchase price for units was up 40.4% in Wingecarribee LGA on the back of a surging June quarter. The next highest result was Kiama LGA, up 13.3% to \$510,000.
- Looking at median land prices, Shoalhaven LGA saw the highest growth, up 13.9% to \$180,000. Shellharbour LGA was down 12.3% to \$307,000.

## MEDIAN PROPERTY VALUES

	YEAR TO JUNE 15	YEAR TO JUNE 16	CHANGE (%)
<b>HOUSES</b>			
WOLLONGONG STATISTICAL DISTRICT	525,000	570,000	8.6
WOLLONGONG LGA	533,500	570,000	6.8
SHELLHARBOUR LGA	465,000	515,000	10.8
KIAMA LGA	650,000	750,000	15.4
SHOALHAVEN LGA	370,000	400,000	8.1
WINGECARRIBEE LGA	465,000	525,000	12.9
<b>UNITS/FLATS/TOWNHOUSES</b>			
WOLLONGONG STATISTICAL DISTRICT	419,000	450,000	7.4
WOLLONGONG LGA	425,000	450,000	5.9
SHELLHARBOUR LGA	395,000	419,500	6.2
KIAMA LGA	450,000	510,000	13.3
SHOALHAVEN LGA	296,750	330,000	11.2
WINGECARRIBEE LGA	415,000	582,500	40.4
<b>LAND</b>			
WOLLONGONG STATISTICAL DISTRICT	305,000	324,000	6.2
WOLLONGONG LGA	265,000	280,000	5.7
SHELLHARBOUR LGA	350,000	307,000	-12.3
KIAMA LGA	362,500	380,000	4.8
SHOALHAVEN LGA	158,000	180,000	13.9
WINGECARRIBEE LGA	265,000	275,000	3.8



## Looking at the June quarter:

The WSD median purchase price for houses was down 5.8% to \$565,000. The result for units was up 5.9% to \$482,000 and for land was up 18.4% to \$380,000.

Looking at houses, Wingecarribee LGA was up 1.9% to \$545,000 while other LGAs saw declines. The largest depreciation was Kiama LGA, down 11.4% to \$720,000.

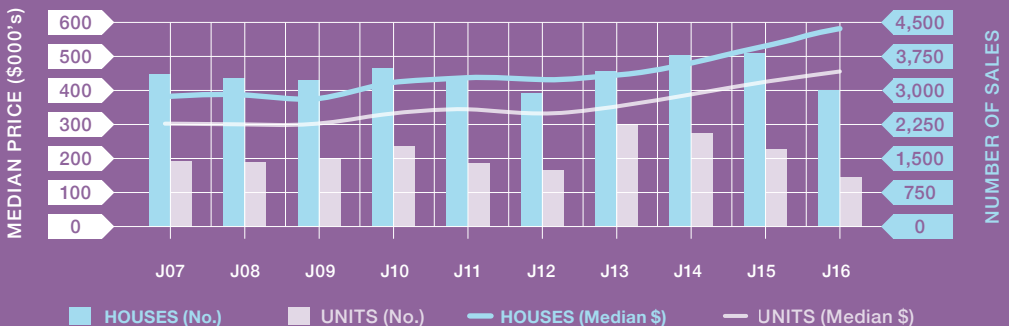
For units, Wingecarribee LGA saw growth of 6.8% (to \$625,000). This was followed by Wollongong LGA, up 6.1% to \$480,000.

Looking at land, Wollongong LGA experienced the biggest appreciation, up 16.1% to \$360,000. Meanwhile, Shoalhaven LGA saw a 10.5% decrease to \$191,000.

## SALES

YEAR TO JUNE 16

	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	2,972	1,063	224
WOLLONGONG LGA	1,777	732	135
SHELLHARBOUR LGA	836	200	38
KIAMA LGA	359	131	51
SHOALHAVEN LGA	1,779	163	273
WINGECARRIBEE LGA	550	124	107



# DWELLING APPROVALS



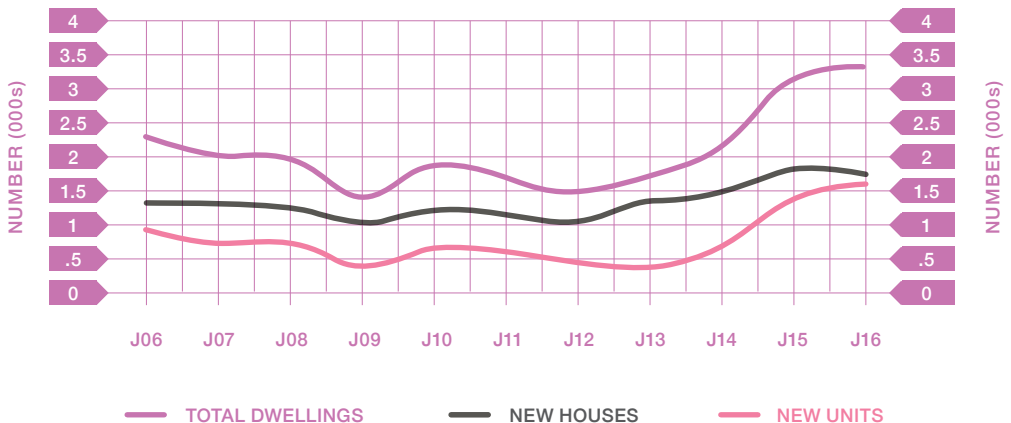
Dwelling approvals were up for the year on the back of strong results for units and a positive June quarter.

A total of 3,328 dwellings were approved in the ISD over the 12 months to June 2016, up 4.9% on the year to June 2015. This consisted of 1,730 houses (down 3.7%) and 1,598 units, flats and townhouses (up 16.0%).

Across the WSD, dwelling approvals in the year to June 2016 soared 38.1% to 2,176. This was driven by growth in units, up 67.4% to 1,344 while houses lifted 7.6% to 832.

In the three months to June, ISD approvals totalled 967, up 43.3% on the preceding quarter. This boost was evenly shared between houses (up 41.1% to 539) and units (up 46.1% to 428).

## NUMBER OF DWELLING APPROVALS







## DWELLING APPROVALS BY LGA

	YEAR TO QUARTER				
	J12	J13	J14	J15	J16
WOLLONGONG LGA	565	588	783	999	1,391
SHELLHARBOUR LGA	261	374	485	533	487
KIAMA LGA	28	15	61	44	298
SHOALHAVEN LGA	452	584	561	640	708
WINGECARRIBEE LGA	135	142	226	958	444

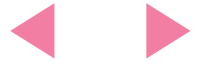
# NON-RESIDENTIAL BUILDING APPROVALS

## Key results for the year to June 2016:

- Non-residential approvals in the ISD totalled \$604.9 million, almost double the result for the year to June 2015 (\$313.6 million). While private investment rose 22.8% to \$345.5 million, public investment saw an increase of \$227.1 million to \$259.4 million, up from an unusually low \$32.3 million in the year to June 2015.
- Sectors showing growth include education (to \$141.7 million), health (to \$68.1 million) and entertainment and recreation (to \$71.6 million). Sectors with falling investment include hotels (to \$29.6 million) and shops (to \$45.6 million).
- Commercial building approvals in NSW were up 10.2% to \$9.4 billion on the back of a 12.7% lift in private investment (to \$7.4 billion). Public investment was stagnant.

## VALUE OF NON-RESIDENTIAL BUILDING APPROVALS





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

- ISD non-residential approvals totalled \$222.3 million, up 42.4% on the 2015 June quarter result of \$128.2 million. This was primarily driven by surging public investment, up 92.8% to \$69.5 million.
- 76.3% of the aforementioned ISD investment was generated in the WSD (\$169.7 million). Meanwhile, there was \$2.7 billion of non-residential approvals during the quarter in NSW.



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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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