

# PROFILE ILLAWARRA

DECEMBER 2016



# HIGHLIGHTS



Local consumer sentiment continued to strengthen, with the *Illawarra Consumer Sentiment Index* sitting at 85 pts, up 5 pts on last year.

Coal production for the year was down 15.3% to 14.4 million tonnes. Average employment fell 9.1% to 2,466, causing yearly productivity to weaken 6.8% to 5,833 tonnes per employee.

Port Kembla saw a 14.9% fall in exports to 13.5 million tonnes while imports lifted 12.6% to 13.0 million tonnes.

Tourism expenditure in the region over the year was down 7.6% to \$2.3 billion on the back domestic and international overnight visitors spending fewer nights in the South Coast.

Employment figures were generally positive with a 6.9% increase the number of persons employed. Whilst unemployment was steady, down 0.1% pts to 6.5%, the youth unemployment rate jumped 4.2% pts to 16.9%.

## ANNUAL STATE OF THE REGION

|                    |         |
|--------------------|---------|
| HOUSE SALES        | 1,104   |
| UNIT SALES         | 428     |
| LAND LOT SALES     | 84      |
| UNEMPLOYMENT       | 6.5%    |
| YOUTH UNEMPLOYMENT | 16.9%   |
| EMPLOYED PERSONS   | 145,800 |



From an investor's perspective, the rental market improved over the year with the median WSD house price up 9.0% to \$520 per week and the median WSD unit price up 22.2% to \$440 per week.

The WSD property market strengthened over the year, with the median purchase price for houses up 3.6% to \$570,000 (1,104 sales) and for units up 13.3% to \$487,000 (428 sales).

A total of 3,473 dwellings were approved in the ISD during the year. This consisted of 1,901 houses (up 9.8%) and 1,563 units, flats and townhouses (up 9.1%).

The value of non-residential building approvals in the Illawarra totalled \$408.3 million over the twelve months to September 2016, down 19.3% from the year to September 2015. This was driven by a 28.8% contraction in private investment to \$252.5 million.

|                            |                        |
|----------------------------|------------------------|
| TONNES OF COAL             | <b>14.4 MILLION</b>    |
| TONNES OF EXPORTS          | <b>13.5 MILLION</b>    |
| TONNES OF IMPORTS          | <b>13.0 MILLION</b>    |
| DOMESTIC VISITOR NIGHTS    | <b>11.3 MILLION</b>    |
| TOURISM EXPENDITURE        | <b>\$2,274 MILLION</b> |
| NON-RES BUILDING APPROVALS | <b>\$408.3 MILLION</b> |

# TRADING ACTIVITY



Local trading activity data was not collected for the December 2016 quarter and therefore has not been reported in this edition of *Profile Illawarra*.

# CONSUMER SENTIMENT



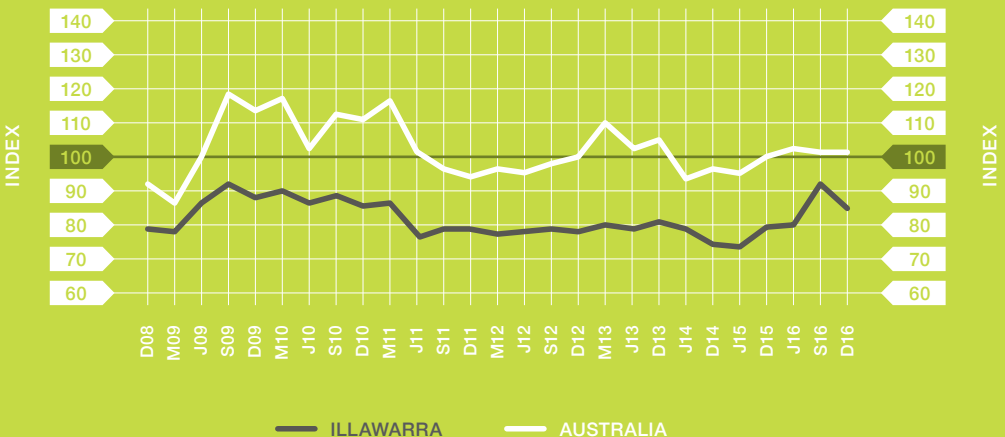
Consumer sentiment has strengthened over the year but peaked last quarter.

The *Illawarra Consumer Sentiment Index* currently sits at 85 pts, up 5 pts on the 2015 December quarter. This result is 1 pt below the long-term December quarter average.

Further analysis has revealed this was driven by improvements in the financial position of local residents and higher perceived job availability.

Westpac's *Australian Consumer Sentiment Index* remained steady at 101 pts. This result is 4 pts below the long-term average for the quarter.

## CONSUMER SENTIMENT



# TRADE



## SOUTHERN MINES COAL PRODUCTION

**Both production and employment continued to decline in the year to September 2016.**

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

A total of 14.4 million tonnes was produced, down 15.3% on the year to September 2015. Over the same timeframe average employment fell 9.1% to 2,466.

The disproportionate fall in production caused yearly productivity to wane 6.8% to 5,833.3 tonnes per employee.

A total of 3.6 million tonnes was produced, a 3.6% drop on the June quarter.

Average employment was down 0.6% to 2,420 over the quarter. These results combined to leave quarterly productivity worse off, down 3.1% to 1,489.2 tonnes per employee.

## SOUTHERN MINES COAL PRODUCTION





## PORT KEMBLA TRADE

The sustained trend of falling exports and rising imports continued in the year to September 2016.

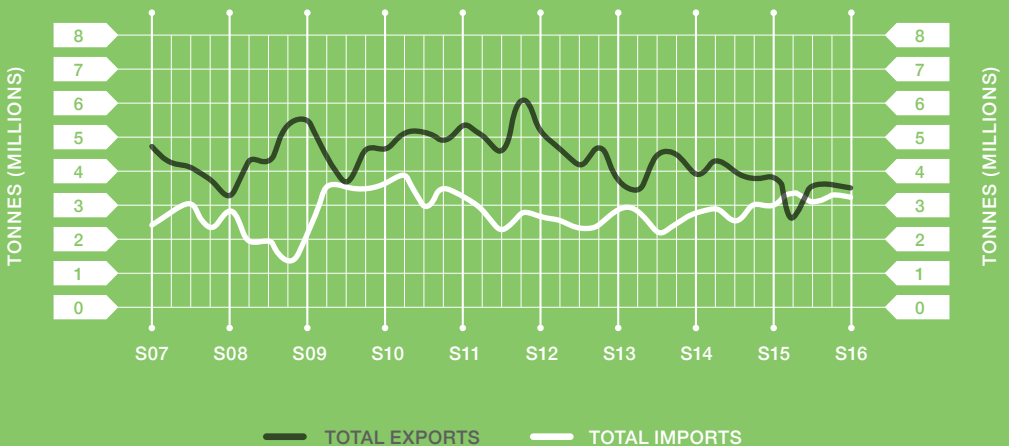
Results for the September quarter:

The twelve months to September 2016 saw a 14.9% fall in exports to 13.5 million tonnes. Meanwhile, there was a 12.6% lift in imports to 13.0 million tonnes.

Exports totalled 3.5 million tonnes, down 3.3% on the June quarter.

Imports totalled 3.2 million tonnes, a 3.5% decrease on the June quarter.

## PORT KEMBLA TRADE



# TOURISM ACTIVITY



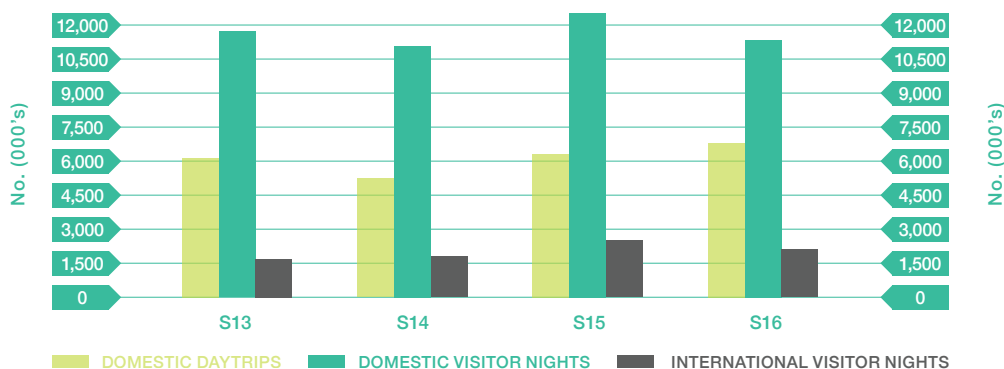
The latest data from Destination NSW for the South Coast shows that tourism expenditure continues to fall, primarily due to fewer guest nights.

The average daytrip visitor spent \$91, down 12.6% on the year to September 2015. The number of daytrips to the South Coast lifted 7.1% to 6.8 million. The combined effect of these results was a contraction in daytrip expenditure to \$619 million, down 6.4% on last year.

The year to September 2016 saw 3.5 million domestic overnight travellers visit the South Coast, up 2.2%. However, nights spent in the region waned 9.5% to 11.3 million. These visitors spent \$129 per night, up 1.9%. Overall, domestic overnight expenditure fell 7.7% to \$1.5 billion.

## NIGHTS (,000)

|                              | Year to Sep 15 | Year to Sep 16 | Change (%) |
|------------------------------|----------------|----------------|------------|
| Domestic Daytrips            | 6,341          | 6,794          | 7.1        |
| Domestic Visitor Nights      | 12,507         | 11,322         | -9.5       |
| International Visitor Nights | 2,516          | 2,121          | -15.7      |



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.



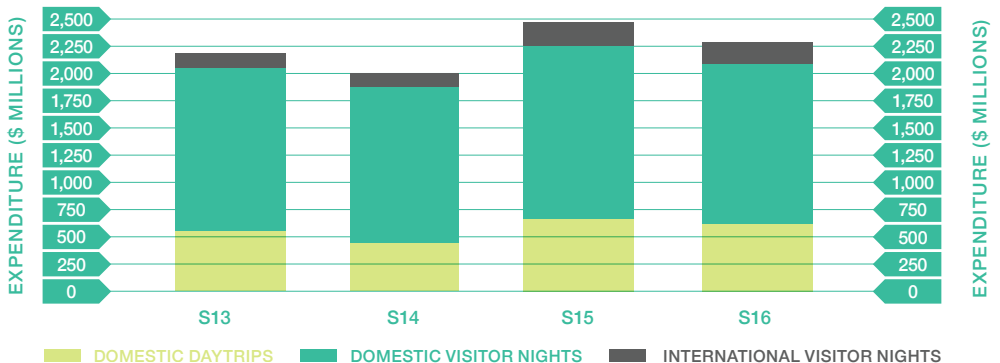


Over the year, 139,600 international tourists visited the region, up 8.7%. Nights spent in the region also fell, down 15.7% to 2.1 million. International visitors spent \$92 per night, up 5.7%. However, the significant fall in nights caused international overnight expenditure to weaken 10.9% to \$194 million.

Overall, tourism expenditure totalled \$2.3 billion, down 7.6% on last year's result (\$2.5 billion). The primary drivers were falls in nights and expenditure for both domestic and international overnight travel.

## EXPENDITURE (\$M)

|                              | Year to Sep 15 | Year to Sep 16 | Change (%)  |
|------------------------------|----------------|----------------|-------------|
| Domestic Daytrips            | 661            | 619            | -6.4        |
| Domestic Visitor Nights      | 1,585          | 1,463          | -7.7        |
| International Visitor Nights | 218            | 194            | -10.9       |
| <b>TOTAL</b>                 | <b>2,464</b>   | <b>2,274</b>   | <b>-7.6</b> |



# LABOUR MARKET



Higher workforce participation led to improvements in the number of employed persons as well as the local unemployment rate.

On average, 145,800 persons were employed in the Illawarra, up 6.9% on the year to September 2015.

The unemployment rate was fairly steady, down 0.1% pts to 6.5%.

The local participation rate increased 3.3% pts to 62.5%.

The Illawarra youth unemployment rate jumped to 16.9%, up 4.2% pts.

The average number of persons receiving unemployment benefits grew to 8,335, up 5.4%.

## ISD LABOUR MARKET STATISTICS YEAR OVER YEAR

|  | Year to Sep 15<br>(Ave.) | Year to Sep 16<br>(Ave.) |
|--|--------------------------|--------------------------|
| <b>EMPLOYMENT</b> (000's)                    | 136.4                    | 145.8                    |
| <b>UNEMPLOYMENT RATE</b> (%)                 | 6.6                      | 6.5                      |
| <b>PARTICIPATION RATE</b> (%)                | 59.2                     | 62.5                     |
| <b>YOUTH UNEMPLOYMENT RATE</b> (%)           | 12.7                     | 16.9                     |
| <b>UNEMPLOYMENT BENEFIT RECIPIENTS</b> (No.) | 7,907                    | 8,335                    |



## Labour market results for the three months to September:

The average number of employed persons increased 1.3% to 147,400.

The participation rate saw a 0.1% pts decrease to 62.5%.

Unemployment figures improved with the local unemployment rate down 1.0% pt to 6.1% and the youth unemployment rate down 3.9% pts to 13.6%.

The average number of unemployment benefit recipients decreased 5.3% to 7,956 over the quarter.

## ISD LABOUR MARKET STATISTICS BY QUARTER

|  | June 16 Qtr<br>(Ave.) | Sep 16 Qtr<br>(Ave.) |
|--|-----------------------|----------------------|
| <b>EMPLOYMENT</b> (000's)                    | 145.4                 | 147.4                |
| <b>UNEMPLOYMENT RATE</b> (%)                 | 7.1                   | 6.1                  |
| <b>PARTICIPATION RATE</b> (%)                | 62.6                  | 62.5                 |
| <b>YOUTH UNEMPLOYMENT RATE</b> (%)           | 17.5                  | 13.6                 |
| <b>UNEMPLOYMENT BENEFIT RECIPIENTS</b> (No.) | 8,397                 | 7,956                |

# RENTAL MARKET



**Rental price growth for houses was outpaced by units over the twelve months to September 2016**

**Key results for the three months to September 2016:**

• The median weekly house price for the year to September 2016 was \$520, up 9.0% on the year to September 2015. Over the year, the average number of houses advertised per week dropped from 30 to 25.

• The median weekly unit price climbed to \$440, up 22.2% over the twelve months to September. The average number of units advertised per week fell from 49 to 31.

• The median weekly house price was down 3.8% to \$500 over the quarter while the median rental price for units was up 5.0% to \$420.

• The average number of weekly rentals advertised increased from 30 to 32 for units while houses were steady at 26.

## RENTAL MARKET VALUES

|                  |                               | YEAR TO<br>SEP 15 | YEAR TO<br>SEP 16 | YEARLY<br>CHANGE (%) |
|------------------|-------------------------------|-------------------|-------------------|----------------------|
| HOUSES           | MEDIAN WEEKLY RENTAL (\$)     | 477               | 520               | 9.0                  |
|                  | AVERAGE WEEKLY LISTINGS (NO.) | 30                | 25                | -16.7                |
| UNITS<br>1BR UNF | MEDIAN WEEKLY RENTAL (\$)     | 255               | 287               | 12.5                 |
|                  | AVERAGE WEEKLY LISTINGS (NO.) | 9                 | 3                 | -66.7                |
| UNITS<br>2BR UNF | MEDIAN WEEKLY RENTAL (\$)     | 350               | 400               | 14.3                 |
|                  | AVERAGE WEEKLY LISTINGS (NO.) | 26                | 16                | -38.5                |
| UNITS<br>TOTAL   | MEDIAN WEEKLY RENTAL (\$)     | 360               | 440               | 22.2                 |
|                  | AVERAGE WEEKLY LISTINGS (NO.) | 49                | 31                | -36.7                |



## SELECTED AREAS

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

- In terms of houses, Unanderra to Mount Kembla saw the highest growth, up 16.3% to \$500, followed by Lake Heights to Windang, up 15.8% to \$440.
- For units, Unanderra to Mount Kembla saw the highest growth, up 26.7% to \$380. This was followed by Wollongong to Figtree, up 25.0% to \$450. Over the year, the median weekly unit price for Albion Park to Albion Park Rail fell 1.2% to \$425 while Austinmer/Thirroul was stagnant at \$550.

## MEDIAN RENTS FOR SELECTED AREAS

|                                  | HOUSES         |                |               | UNITS/FLATS/TOWNHOUSES |                |               |
|----------------------------------|----------------|----------------|---------------|------------------------|----------------|---------------|
|                                  | YEAR TO SEP 15 | YEAR TO SEP 16 | YEARLY CHANGE | YEAR TO SEP 15         | YEAR TO SEP 16 | YEARLY CHANGE |
| AUSTINMER/THIRROUL               | 635            | 700            | 10.2          | 550                    | 550            | 0.0           |
| BULLI/WOONONA                    | 550            | 597            | 8.5           | 382                    | 430            | 12.6          |
| RUSSELL VALE TO FAIRY MEADOW     | 490            | 550            | 12.2          | 350                    | 405            | 15.7          |
| WOLLONGONG TO FIGTREE            | 500            | 540            | 8.0           | 360                    | 450            | 25.0          |
| UNANDERRA TO MOUNT KEMBLA        | 430            | 500            | 16.3          | 300                    | 380            | 26.7          |
| DAPTO/KANAHOOKA/KOONAWARRA       | 445            | 490            | 10.1          | 342                    | 397            | 16.1          |
| LAKE HEIGHTS TO WINDANG          | 380            | 440            | 15.8          | 270                    | 295            | 9.3           |
| ALBION PARK TO ALBION PARK RAIL  | 450            | 465            | 3.3           | 430                    | 425            | -1.2          |
| LAKE ILLAWARRA STH. TO OAK FLATS | 430            | 470            | 9.3           | 350                    | 400            | 14.3          |
| SHELLHARBOUR                     | 565            | 567            | 0.4           | 420                    | 520            | 23.8          |
| KIAMA                            | 477            | 540            | 13.2          | 420                    | 480            | 14.3          |

# PROPERTY



## The Illawarra property market strengthened over the year to September.

- The median purchase price for houses in the WSD climbed 3.6% to \$570,000. Units saw higher growth, up 13.3% to \$487,000 while the median land price strengthened 24.1% to \$360,000.
- Looking at the market for houses in the LSD, Wingecarribee LGA recorded the highest growth, up 9.3% to \$530,000. This was followed by Shoalhaven LGA (up 7.9% to \$410,000) and Wollongong LGA (up 7.8% to \$575,000).
- For units, Wingecarribee LGA saw the strongest growth, up 43.9% to \$590,000. The next highest result was Kiama LGA, up 25.3% to \$570,000.
- Looking at median land prices, Wollongong LGA saw the highest growth, up 36.8% to \$349,950. Meanwhile, Shellharbour LGA fell 8.0% to \$322,000.

## MEDIAN PROPERTY VALUES

|                                 | YEAR TO<br>SEP 15 | YEAR TO<br>SEP 16 | CHANGE<br>(%) |
|---------------------------------|-------------------|-------------------|---------------|
| <b>HOUSES</b>                   |                   |                   |               |
| WOLLONGONG STATISTICAL DISTRICT | 550,000           | 570,000           | 3.6           |
| WOLLONGONG LGA                  | 533,500           | 575,000           | 7.8           |
| SHELLHARBOUR LGA                | 489,250           | 500,000           | 2.2           |
| KIAMA LGA                       | 675,000           | 725,000           | 7.4           |
| SHOALHAVEN LGA                  | 380,000           | 410,000           | 7.9           |
| WINGECARRIBEE LGA               | 485,000           | 530,000           | 9.3           |
| <b>UNITS/FLATS/TOWNHOUSES</b>   |                   |                   |               |
| WOLLONGONG STATISTICAL DISTRICT | 430,000           | 487,000           | 13.3          |
| WOLLONGONG LGA                  | 440,000           | 485,000           | 10.2          |
| SHELLHARBOUR LGA                | 389,500           | 445,000           | 14.2          |
| KIAMA LGA                       | 455,000           | 570,000           | 25.3          |
| SHOALHAVEN LGA                  | 305,000           | 329,000           | 7.9           |
| WINGECARRIBEE LGA               | 410,000           | 590,000           | 43.9          |
| <b>LAND</b>                     |                   |                   |               |
| WOLLONGONG STATISTICAL DISTRICT | 290,000           | 360,000           | 24.1          |
| WOLLONGONG LGA                  | 255,750           | 349,950           | 36.8          |
| SHELLHARBOUR LGA                | 350,000           | 322,000           | -8.0          |
| KIAMA LGA                       | 340,000           | 390,000           | 14.7          |
| SHOALHAVEN LGA                  | 160,250           | 200,000           | 24.8          |
| WINGECARRIBEE LGA               | 285,000           | 350,000           | 22.8          |



## Looking at the September quarter:

The WSD median purchase price for houses was down 0.9% to \$560,000. The result for units was up 0.4% to \$483,750 and for land was down 4.9% to \$361,250.

Looking at the ISD housing market, Shellharbour LGA saw the highest quarterly growth, up 6.1% to \$520,000. This was followed by Wollongong LGA, up 1.9% to \$560,650. Wingecarribee LGA fell 5.5% to \$515,000.

For units, Shellharbour LGA also saw the highest quarterly growth, up 5.9% to \$445,000. Wingecarribee LGA was down 10.4% to \$560,000 over the three months to September.

In the market for land, Shellharbour LGA again saw the highest growth over the quarter, up 24.6% to \$329,000. This was followed by Kiama LGA, up 4.2% to \$375,000. Wingecarribee LGA fell 15.8% to \$320,000.

## SALES

### YEAR TO SEP 16

|                                 | HOUSES | UNITS | LAND |
|---------------------------------|--------|-------|------|
| WOLLONGONG STATISTICAL DISTRICT | 1,104  | 428   | 84   |
| WOLLONGONG LGA                  | 648    | 307   | 48   |
| SHELLHARBOUR LGA                | 326    | 74    | 14   |
| KIAMA LGA                       | 157    | 51    | 24   |
| SHOALHAVEN LGA                  | 599    | 45    | 129  |
| WINGECARRIBEE LGA               | 170    | 36    | 68   |

# DWELLING APPROVALS



**A relatively soft September quarter did not significantly impact dwelling approvals, which strengthened over the year.**

A total of 3,473 dwellings were approved in the ISD over the twelve months to September 2016, up 9.5% on the year to September 2015. This consisted of 1,910 houses (up 9.8%) and 1,563 units, flats and apartments (up 9.1%).

Across the WSD, dwelling approvals in the year to September 2016 surged 41.8% to 2,309. This was primarily driven by growth in unit approvals, up 48.8% to 1,339. Housing approvals also saw a significant boost, up 33.2% to 970.

Looking at the three months to September, ISD approvals totalled 815, down 15.7% on the June quarter. Approvals for houses increased 8.2% to 583 while unit approvals almost halved, down 45.8% to 232. This was the lowest number of unit approvals since the 2015 March quarter.

## NUMBER OF DWELLING APPROVALS







## DWELLING APPROVALS BY LGA

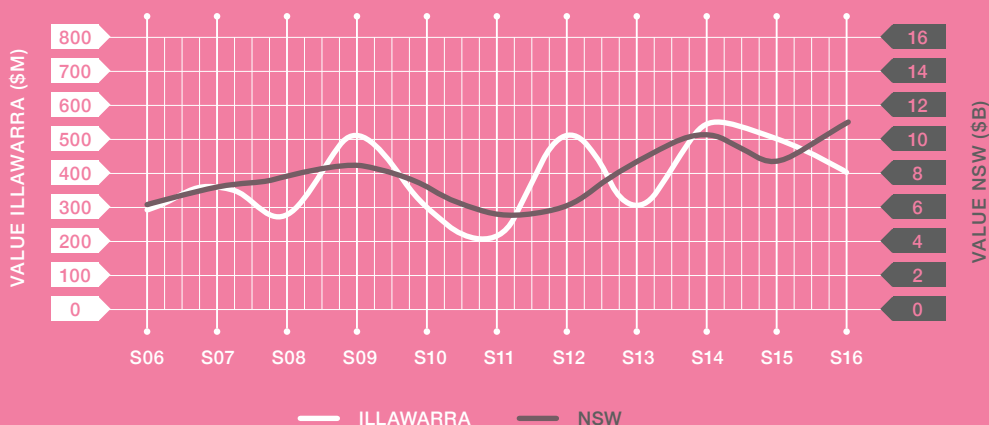
|                   | YEAR TO QUARTER |     |     |       |       |
|-------------------|-----------------|-----|-----|-------|-------|
|                   | S12             | S13 | S14 | S15   | S16   |
| WOLLONGONG LGA    | 571             | 681 | 793 | 1,025 | 1,437 |
| SHELLHARBOUR LGA  | 287             | 394 | 520 | 553   | 515   |
| KIAMA LGA         | 22              | 22  | 53  | 50    | 357   |
| SHOALHAVEN LGA    | 464             | 592 | 615 | 642   | 691   |
| WINGECARRIBEE LGA | 135             | 130 | 344 | 902   | 473   |

# NON-RESIDENTIAL BUILDING APPROVALS

**Falling private investment caused the total value of non-residential building approvals in the Illawarra over the past year to decline.**

- The value of ISD non-residential approvals totalled \$408.3 million in the year to September 2016, down 19.3% from the year to September 2015 (\$506.1 million). This was caused by a contraction in private investment, down 28.8% to \$252.5 million, while public investment rose 2.7% to \$155.7 million.
- Most sectors saw falling investment including education (to \$18.0 million), accommodation (to \$7.4 million) and retail and wholesale trade (to \$33.5 million). The significant drop in education investment is due to \$127.0 million from the 2015 September quarter dropping out of the calculation for the year to September 2016 result. Sectors showing growth include entertainment and recreation (to \$69.8 million) and factories (to \$7.8 million).
- Commercial building approvals in NSW were up 25.5% to \$11.1 billion. This was shared evenly between private (up 24.1% to \$9.1 billion) and public (up 29.6% to \$1.9 billion) investment.

## VALUE OF NON-RESIDENTIAL BUILDING APPROVALS





Better  
business  
intelligence



**Phone** (02) 4285 4446  
**Web** [iris.org.au](http://iris.org.au)

**Fax** (02) 4285 4448  
**Email** [research@iris.org.au](mailto: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

#### **For further information & enquiries:**

Peter Watts, Chief Executive  
Sharon Clapham or Geoff Besnard, Research Analysts

#### **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.

#### **Disclaimer**

All possible care has been taken in the preparation of the information 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 an 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.

