

REAL ESTATE REPORT

MARCH 2016



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SUMMARY

The year to December 2015 saw an overall appreciation in Wollongong Statistical District's median property prices. The median house price rose 13.4% to \$561,250. The median unit price also saw double-digit growth of 10.1% (to \$435,000) while the median land price increased 9.3% to \$305,000.

The rental market continued to improve with the median weekly price for houses strengthening 11.0% to \$499. The median weekly price for units, flats and townhouses saw growth of 6.1% to arrive at \$377.

2015 was a noteworthy year for the commercial building sector with an upsurge in WSD non-residential building approvals of 202.4% (to \$424.4 million). The Illawarra Statistical District (ISD) also lifted 70.3% to \$539.9 million.

ISD dwelling approvals totalled 3,342, up 24.0% on last year. This consisted of 1,682 (up 0.8%) houses and 1,660 units, flats and townhouses (up 61.5%).

SUMMARY

WOLLONGONG STATISTICAL DISTRICT		YR TO D14	YR TO D15	CHANGE (%)
Median House Price (\$)	<div></div>	495,000	561,250	13.4
Median Flat/unit Price (\$)	<div></div>	395,000	435,000	10.1
Median Land Price (\$)	<div></div>	279,000	305,000	9.3
Median Weekly Rent Houses (\$)	<div></div>	450	499	11.0
Median Weekly Rent Units (\$)	<div></div>	356	377	6.1
Non-res Building (\$m)	<div></div>	140	424	202.4
Dwelling Approvals (No.)	<div></div>	1,366	1,745	27.4
ILLAWARRA STATISTICAL DISTRICT				
Non-res Building (\$m)	<div></div>	317	540	70.3
Dwelling Approvals (No.)	<div></div>	2,696	3,342	24.0



WOLLONGONG STATISTICAL DISTRICT

There were mixed results for the December quarter:

The median house price slid 1.7% to \$575,000 over the period.

The median unit price appreciated 4.3% to \$423,325.

The median land price soared to \$442,500, up 67.3%, though the relatively small number of sales in the December quarter means this result should be treated with caution.

WOLLONGONG STATISTICAL DISTRICT	SEP 15 QTR	DEC 15 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	585,000	575,000	-1.7
Median Flat/unit Price (\$)	440,000	450,000	2.3
Median Land Price (\$)*	264,500	442,500	67.3

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

*Result should be treated with caution due to a low number of December quarter sales.



BORROWING COSTS

The Reserve Bank of Australia kept borrowing costs at record lows in the December quarter.

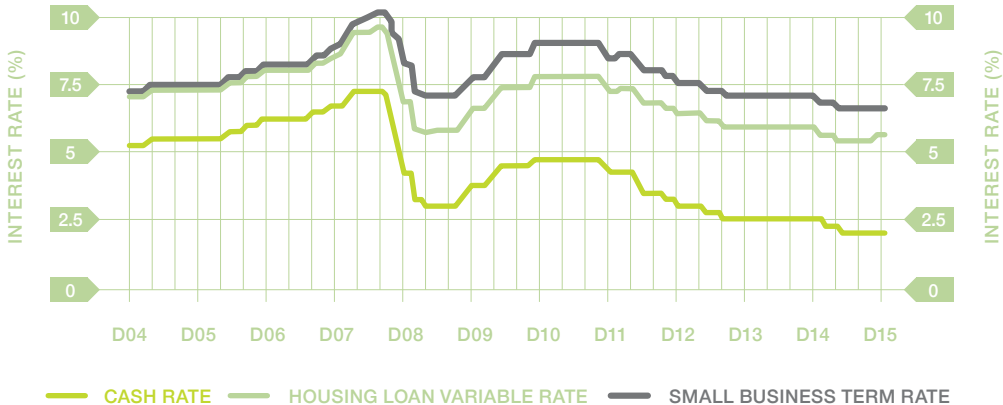
The cash rate (2.00%) and the small business term rate (6.60%) were unchanged during the period.

Stable monetary policy at historic lows has continued to strengthen demand for new dwellings in the ISD with a 24.0% lift (to 3,342) in dwelling approvals over the 12 months to December.

The housing loan variable rate saw a 20-basis-point rise to 5.65% during the quarter, with banks citing elevated regulatory costs as justification for the increase.

Source: IRIS/ABS Building Approval Statistics

BUSINESS FINANCING COSTS





HOUSING PRICES

The year to December 2015 saw growth in median house prices across the board in the Illawarra Statistical District (ISD):

Shellharbour LGA recorded the highest growth at 15.1% (to \$507,500). Wollongong LGA (up 13.0% to \$565,000) and Kiama LGA (up 12.7% to \$710,000) also saw similar growth.

For the Illawarra Balance, median house prices in Wingecarribee LGA climbed 14.0% to \$490,000, while Shoalhaven LGA experienced relatively modest growth (up 6.9% to \$385,000).

During the three months to December:

Median house prices in Wollongong LGA contracted 7.3% (to \$550,000). Shellharbour LGA and Kiama LGA increased 3.6% and 3.1% to \$508,000 and \$720,000, respectively.

Shoalhaven LGA rose 9.3% to \$429,000 and Wingecarribee LGA increased to \$550,000, up 10.0%.

FLAT/UNIT PRICES

On the whole, median prices for ISD high density properties improved over the 12 months to December:

Shoalhaven LGA experienced the highest growth in median unit prices, up 13.3% to \$315,000.

This was followed by Shellharbour LGA (up 13.0% to \$401,000), Wollongong LGA (up 11.4% to \$440,000) and Kiama LGA (up 9.3%). Wingecarribee LGA grew 5.2% to \$475,000.

During the three months to December:

The median unit price for Wingecarribee LGA skyrocketed 44.9% to \$645,000 (up from \$445,000). Shellharbour LGA was up 10.5% to \$422,500 and Wollongong LGA rose 7.0% to \$481,500.

Median unit price for Kiama LGA (0.1%) and Shoalhaven LGA (-3.3%) were relatively stagnant.

LAND PRICES

The twelve months to December 2015 saw median land prices improve in the ISD:

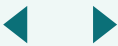
Wingecarribee LGA saw the greatest appreciation, up 27.0% to \$235,000. This was followed by Wollongong LGA (up 13.0% to \$260,000), Shoalhaven LGA (up 8.0% to \$159,825) and Shellharbour LGA (up 5.0% to \$327,500).






The median land price for Kiama LGA rose 2.9% to \$360,000.

Results for the December quarter:






The highest growth over the three-month period was for Wollongong LGA, up 45.7% to \$335,000. Shellharbour LGA (up 44.0% to \$540,000), Wingecarribee LGA (up 10.2% to \$270,000) and Shoalhaven LGA (up 8.5% to \$187,750) also saw growth.

In contrast, the median land price for Kiama LGA fell 10.7% to \$335,000.



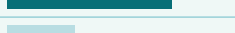














HOUSE PRICES		YR TO D14	YR TO D15	CHANGE (%)
Wollongong LGA		500,000	565,000	13.0
Shellharbour LGA		441,000	507,500	15.1
Kiama LGA		630,000	710,000	12.7
Shoalhaven LGA		360,000	385,000	6.9
Wingecarribee LGA		430,000	490,000	14.0

FLAT/UNIT PRICES








Wollongong LGA		395,000	440,000	11.4
Shellharbour LGA		335,000	401,000	13.0
Kiama LGA		441,500	482,500	9.3
Shoalhaven LGA		278,000	315,000	13.3
Wingecarribee LGA		451,500	475,000	5.2

LAND PRICES*

Wollongong LGA		230,000	260,000	13.0
Shellharbour LGA		312,000	327,500	5.0
Kiama LGA		350,000	360,000	2.9
Shoalhaven LGA		148,000	159,825	8
Wingecarribee LGA		185,000	235,00	27

HOUSE PRICES		YR TO D14	YR TO D15	CHANGE (%)
Austinmer/Thirroul		815,000	977,500	19.9
Bulli/Woonona		647,500	765,000	18.1
Russell Vale to Fairy Meadow		550,000	650,000	18.2
Wollongong to Figtree		535,000	610,000	14
Unanderra to Mt Kembla		420,000	565,000	34.5
Dapto/Kanahooka/Koonawarra		399,450	450,000	12.7
Lake Heights to Windang		380,000	440,000	15.8
Lake Illawarra Sth to Oak Flats		390,000	459,000	17.7
Shellharbour		556,250	655,000	17.8
Kiama		635,000	710,550	11.9

FLAT/UNIT PRICES

Bulli/Woonona		435,000	482,500	10.9
Russell Vale to Fairy Meadow		365,000	421,000	15.3
Wollongong to Figtree		400,000	435,000	8.8
Dapto/Kanahooka/Koonawarra		318,000	365,000	14.8
Lake Illawarra Sth to Oak Flats		307,500	348,750	13.4
Shellharbour		431,250	440,000	2.0
Kiama		443,000	474,500	7.1

Source: IRIS/Valuer General's Land and Housing Database
*Result should be treated with caution due to a relatively low number of sales.

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



RESIDENTIAL BUILDING APPROVALS

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

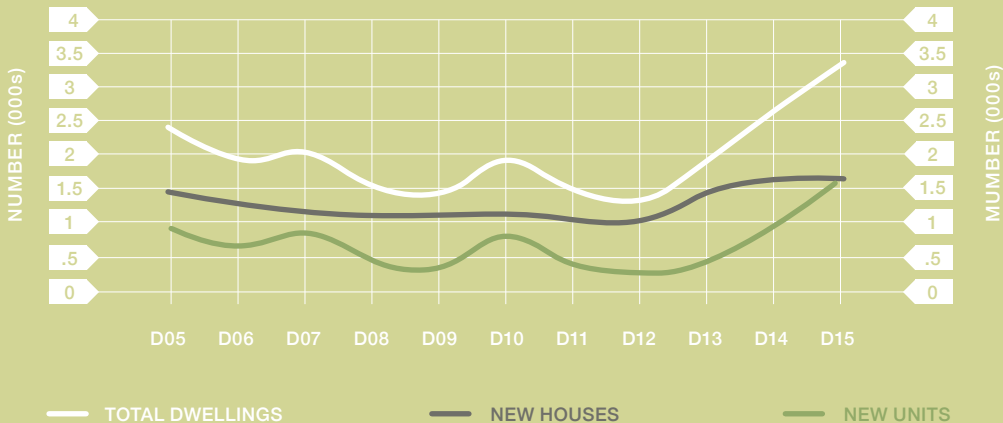
A total of 3,342 dwellings were approved in the ISD during the 12 months to December (up 24.0%), consisting of 1,682 houses (up 0.8%) and 1,660 units, flats and townhouses (up 61.5%).

Across the WSD, annual dwelling approvals rose by 27.7% to 1,745. Whilst housing approvals fell by 4.0% to 726, the volume of approvals for units, flats and townhouses continued to strengthen with a 67.0% upsurge to 1,019.

Looking at the three months to December: ISD approvals totalled 1,016, up 51.6%. Approvals for houses were stagnant at 406, while unit approvals soared 128.5% to 610.

Source: IRIS/ABS Building Approval Statistics

NUMBER OF DWELLING APPROVALS (ISD)





COST OF RESIDENTIAL BUILDING APPROVALS

A strong December quarter led to overall gains in the total value of residential building approvals.

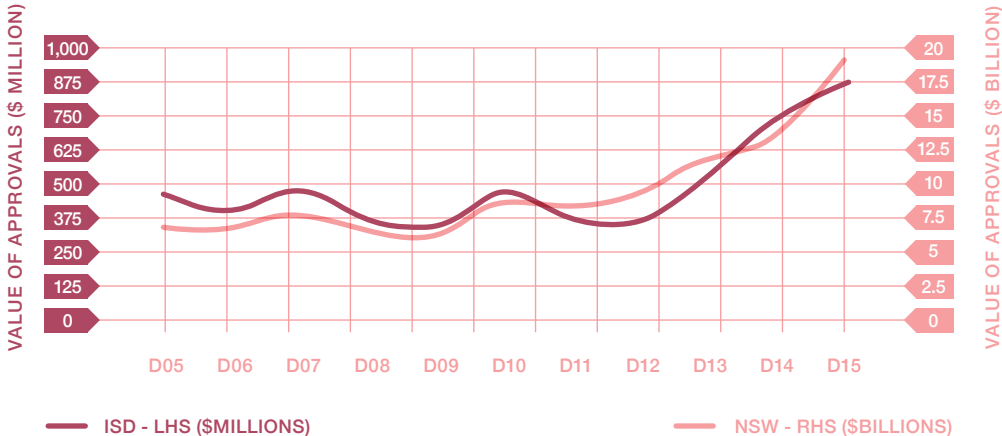
The value of residential approvals in the WSD totalled \$449.3 million for the 12 months to December (up 1.3% from \$443.6 million).

Over the same timeframe, approval values for the ISD lifted 19.9% to \$879.4 million. This result lagged behind the overall growth trend in NSW, where approvals reached \$18.9 billion, up 40.2%.

The three months to December saw the value of residential approvals in the ISD climb 55.4% to \$268.9 million while the WSD reached \$163.0 million, improvement of 70.1% compared to the September quarter.

Source: IRIS/ABS Building Approval Statistics

VALUE OF DWELLING APPROVALS





NON-RESIDENTIAL BUILDING APPROVALS

Analysis shows a positive December quarter result.

Total ISD non-residential building approvals increased to \$92.8 million, up \$33.8 million on the previous December quarter.

WSD accounted for approximately two thirds (66.5%) of the aforementioned investment. Meanwhile, there was \$2.3 billion of non-residential approvals in NSW.

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

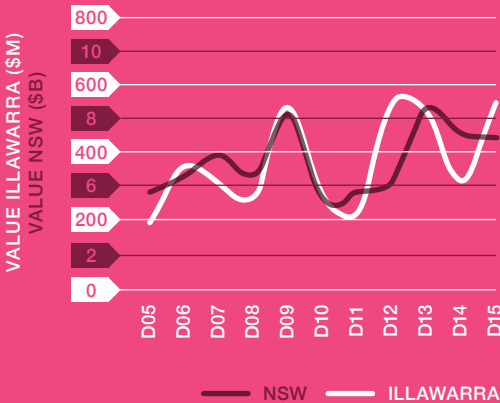
The value of non-residential building approvals totalled \$539.9 million for the ISD, up 70.3% on the year to December 2014. Private investment strengthened 92.0% to \$348.0 million while public investment grew 41.3% to \$191.9 million.

Sectors showing growth include education (to \$142.3 million), entertainment and recreation (to \$70.1 million), health (to \$48.1 million), and hotels (to \$48.1 million).

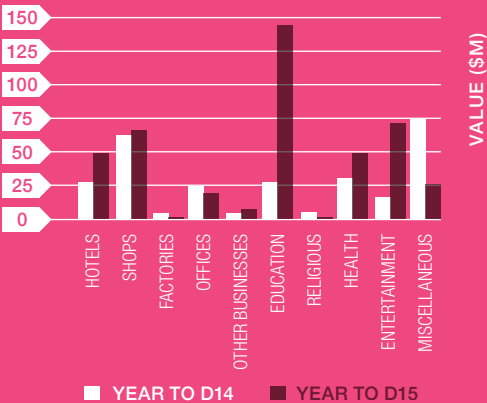
Commercial building approvals in NSW waned slightly, down 3.0% for the year and now sitting at \$8.8 billion. Private investment accounted for 80.4% (\$7.1 billion) of the total investment in NSW.

Source: IRIS/ABS Building Approval Statistics

VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR





RENTAL MARKET

The year to December 2015 saw stronger results for the housing rental market compared to units, though median rental prices for both increased.

There was a rise in the median weekly unit price to \$377 per week, up 6.1% on the year to December 2014. In the same timeframe there was a decline in the average number of units advertised per week from 48 to 44.

Growth was stronger for housing, with the median weekly house price increasing to \$499 per week, a gain of 10.9% on December 2014. The average number of houses advertised per week jumped from 23 to 29.

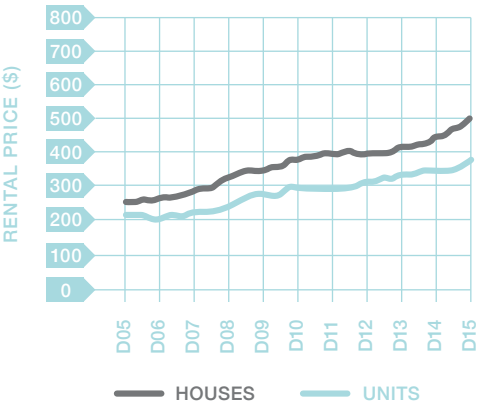
The results for the December quarter were relatively weaker compared to the year to December figures.

The average number of weekly rentals advertised fell 27.7% to 34 for units and 19.4% to 25 for houses.

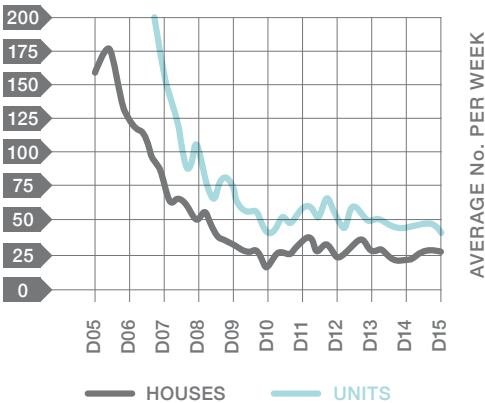
The median weekly rental price for units climbed \$20 over the three months to December, a rise of 5.3%. The value for houses showed similar modest growth of 4.1%, increasing \$22.

Source: IRIS/Illawarra Mercury Housing Database

YEARLY RENT PRICE (WSD)



RENTAL LISTINGS (WSD)





RENTAL RETURN ON INVESTMENT

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

Dapto/Kanahooka/Koonawarra (5.2%) and Lake Illawarra Sth. to Oak Flats (5.1%) continue to be the areas with the highest RROI due to their relatively low median house prices.

Austinmer/Thirroul (3.7%) and Kiama (3.5%) again recorded the weakest yields with the median weekly rental price contracting by 0.7% and 6.7%, respectively. Furthermore, Austinmer/Thirroul recorded median house price growth of 19.9% over the year.

In the rental market for flats/units: Dapto/Kanahooka/Koonawarra (5.0%) and Kiama (4.9%) recorded the highest RROI.

Dapto/Koonawarra/Kanahooka also saw the highest growth in median weekly rental price at 16.7%.

HOUSE PRICES		YR TO 12/14	YR TO 12/15	RROI (%)
Austinmer/Thirroul	<div><div></div></div>	695	690	3.7
Bulli/Woonona	<div><div></div></div>	500	570	3.9
Russell Vale to Fairy Meadow	<div><div></div></div>	475	500	4.0
Wollongong to Figtree	<div><div></div></div>	450	520	4.4
Unanderra to Mt Kembla	<div><div></div></div>	400	450	4.1
Dapto/Kanahooka/Koonawarra	<div><div></div></div>	400	450	5.2
Lake Heights to Windang	<div><div></div></div>	360	380	4.5
Lake Illawarra Sth to Oak Flats	<div><div></div></div>	400	450	5.1
Shellharbour	<div><div></div></div>	540	570	4.5
Kiama	<div><div></div></div>	520	485	3.5
FLAT/UNIT PRICES		YR TO 12/14	YR TO 12/15	RROI (%)
Austinmer/Thirroul	<div><div></div></div>	380	350	3.8
Bulli/Woonona	<div><div></div></div>	330	350	4.3
Russell Vale to Fairy Meadow	<div><div></div></div>	350	380	4.5
Wollongong to Figtree	<div><div></div></div>	300	350	5.0
Unanderra to Mt Kembla	<div><div></div></div>	250	270	4.0
Dapto/Kanahooka/Koonawarra	<div><div></div></div>	430	400	4.7
Lake Heights to Windang	<div><div></div></div>	430	450	4.9



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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.

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