

REAL ESTATE REPORT

JUNE 2016



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SUMMARY

The year to March 2016 saw a further strengthening of median property and land prices in the Wollongong Statistical District (WSD). The median house price rose 13.2% to \$576,500. The median unit price lifted 8.6% to \$440,000 while the median land price increased to \$324,000, up 15.7%.

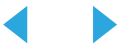
The rental market saw double-digit growth over the period with the median weekly price for houses climbing 11.1% to \$500. The median weekly price for units, flats and townhouses grew 10.0% to \$385.

Looking at the commercial building sector, the value of WSD approvals soared 159.3% to \$399.0 million. For the wider Illawarra Statistical District (ISD), the result doubled to \$510.7 million, up 104.3%.

ISD dwelling approvals totalled 3,453, up 30.4% on last year. This consisted of 1,676 houses (up 1.3%) and 1,777 units, flats and townhouses (up 79.0%).

SUMMARY

WOLLONGONG STATISTICAL DISTRICT		YR TO M15	YR TO M16	CHANGE (%)
Median House Price (\$)	<div><div></div></div>	509,500	576,500	13.2
Median Flat/unit Price (\$)	<div><div></div></div>	405,000	440,000	8.6
Median Land Price (\$)	<div><div></div></div>	280,000	324,000	15.7
Median Weekly Rent Houses (\$)	<div><div></div></div>	450	500	11.1
Median Weekly Rent Units (\$)	<div><div></div></div>	350	385	10.0
Non-res Building (\$m)	<div><div></div></div>	154	399	159.3
Dwelling Approvals (No.)	<div><div></div></div>	1,490	1,840	23.5
ILLAWARRA STATISTICAL DISTRICT				
Non-res Building (\$m)	<div><div></div></div>	250	511	104.3
Dwelling Approvals (No.)	<div><div></div></div>	2,647	3,453	30.4



WOLLONGONG STATISTICAL DISTRICT

Median property prices in the WSD improved
whilst land values slumped in the March quarter:

The median house price rose 4.3% to \$599,975 over the period.

The median unit price appreciated 1.1% to \$455,062.

The median land price declined 27.5% to \$321,000, though the relatively small number of sales in the March quarter means this result should be treated with caution.

WOLLONGONG STATISTICAL DISTRICT	DEC 15 QTR	MAR 16 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	575,000	599,975	4.3
Median Flat/unit Price (\$)	450,000	455,062	1.1
Median Land Price (\$)*	442,500	321,000	-27.5

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

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



BORROWING COSTS

The Reserve Bank of Australia maintained interest rates at record lows in a view to further stimulate the national economy.

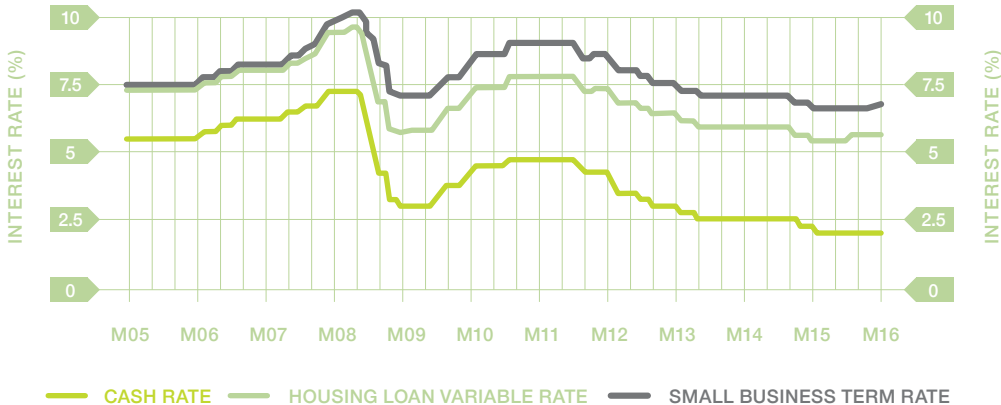
The cash rate (2.00%) and the housing loan variable rate (5.65%) were unchanged during the period.

The small business term rate increased 15 basis points to 6.75% over the quarter.

The general downward trend over the past 12 months has contributed to strong growth in the total number of dwelling approvals, up 30.4% on the year to March 2015.

Source: IRIS/ABS Building Approval Statistics

BUSINESS FINANCING COSTS





HOUSING PRICES

The year to March 2016 saw significant growth in median house prices across the Illawarra Statistical District (ISD):

Kiama LGA recorded the highest growth at 19.0% (to \$750,000). Shellharbour LGA (up 15.6% to \$520,000) and Wollongong LGA (up 14.7% to \$585,000) saw similar improvement.

For the Illawarra Balance, median house prices in Wingecarribee LGA appreciated 14.4% to \$506,700 and Shoalhaven LGA increased to \$395,000, up 9.7% on the previous year.

Looking at the March quarter:

The median house price for Wollongong LGA rose 10.0% to \$605,000 over the three-month period while Kiama LGA was up 7.3% to \$813,000.

Shellharbour LGA (down 1.6% to \$530,000), Shoalhaven LGA (down 4.0% to \$412,000) and Wingecarribee LGA (down 2.7% to \$535,000) saw drops in median house price.

FLAT/UNIT PRICES

ISD median prices for high density properties improved over the year to March 2016:

Shoalhaven LGA experienced the highest appreciation in median unit price, up 13.0% to \$325,000.

This was followed by Shellharbour LGA (up 12.2% to \$415,000), Wingecarribee LGA (up 11.1% to \$500,000), Kiama LGA (up 10.0% to \$495,000) and Wollongong LGA (up 9.9% to \$445,000).

During the three months to March:

The median unit price in Kiama LGA strengthened 7.8% to \$520,000.

The next highest result was Shellharbour LGA, up 3.9% to \$439,000.

Wingecarribee LGA (down 9.3% to \$585,000), Wollongong LGA (down 6.0% to \$452,500) and Shoalhaven LGA (down 1.5% to \$320,000) depreciated over the three-month period.

LAND PRICES

The twelve months to March 2016 saw improvements in median land prices across the ISD with the exception of Kiama LGA.

Wingecarribee LGA experienced the highest growth, up 23.1% to \$240,000.

This was closely followed by Wollongong LGA, up 21.7% to \$280,000.

Kiama LGA saw a drop of 1.4% to \$355,000.

March quarter results were varied due to a low number of sales across the ISD:

Median land price for Shoalhaven LGA rose 13.7% to \$213,500.

Shellharbour LGA (down 49.3% to \$275,000), Wollongong LGA (down 7.5% to \$310,000) and Kiama LGA (down 0.7% to \$332,500) waned over the period.



HOUSE PRICES		YR TO M15	YR TO M16	CHANGE (%)
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
FLAT/UNIT PRICES				
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 PRICES*				
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

HOUSE PRICES		YR TO M15	YR TO M16	CHANGE (%)
Austimmer/Thirroul		840,500	1,025,000	22.0
Bulli/Woonona		666,550	800,000	20.0
Russell Vale to Fairy Meadow		567,608	651,000	14.7
Wollongong to Figtree		545,000	630,000	15.6
Unanderra to Mt Kembla		442,500	585,000	32.2
Dapto/Kanahooka/Koonawarra		415,000	470,000	13.3
Lake Heights to Windang		389,500	450,000	15.5
Lake Illawarra Sth to Oak Flats		396,500	475,000	19.8
Shellharbour		562,500	665,000	18.2
Kiama		637,500	750,000	17.6
FLAT/UNIT PRICES				
Bulli/Woonona		453,000	482,000	6.4
Russell Vale to Fairy Meadow		380,000	445,000	17.1
Wollongong to Figtree		400,000	435,000	8.8
Dapto/Kanahooka/Koonawarra		350,000	358,000	2.3
Lake Illawarra Sth to Oak Flats		335,000	337,000	0.6
Shellharbour		335,000	445,000	32.8
Kiama		450,000	488,000	8.4

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

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

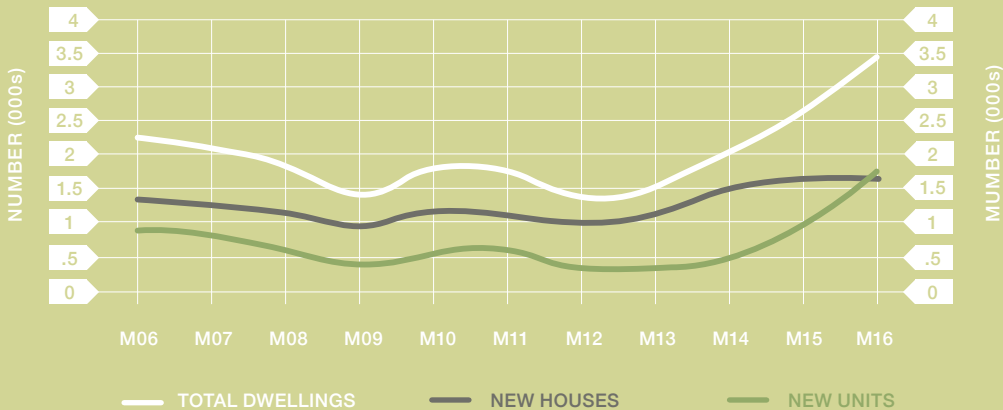
A total of 3,453 dwellings were approved in the ISD during the year to March 2016, up 30.4% on the year to March 2015. This consisted of 1,676 houses (up 1.3%) and 1,777 units, flats and townhouses (up 79.0%).

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.

Source: IRIS/ABS Building Approval Statistics

NUMBER OF DWELLING APPROVALS (ISD)





COST OF RESIDENTIAL BUILDING APPROVALS

There was a lift in the value of dwelling approvals in annual terms, though the March quarter was relatively weaker compared to preceding quarters.

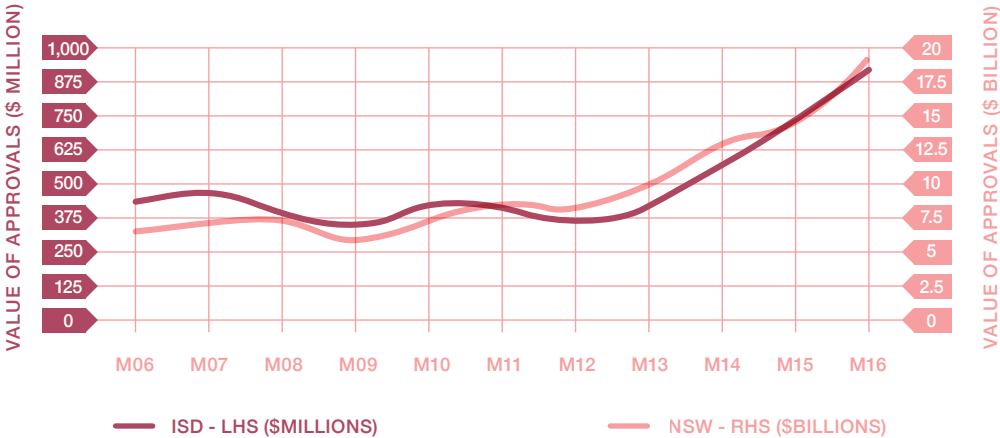
The value of residential approvals in the WSD totalled \$473.5 million for the year to March 2016 (up 13.1% from \$418.6 million in the year to March 2015).

Over the same timeframe, ISD approval values lifted 26.5% to \$911.9 million. This result is in line with the overall growth trend in NSW, where approvals reached \$18.8 billion, up 30.8% on the year to March 2015.

Results for the three months to March were poor due to a reversion from a successful December quarter. The value of residential approvals fell 30.3% to \$187.5 million for ISD and 33.1% to \$109.1 million for WSD.

Source: IRIS/ABS Building Approval Statistics

VALUE OF DWELLING APPROVALS





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.

Key results for the year to March 2016:

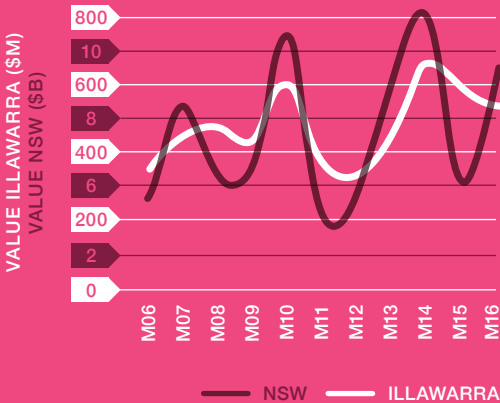
ISD non-residential building approvals totalled \$510.7 million, more than double the result for the year to March 2015 (\$250.0 million). Private investment rose 73.1% (to \$315.8 million) while public investment strengthened 188.1% (to \$194.9 million).

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).

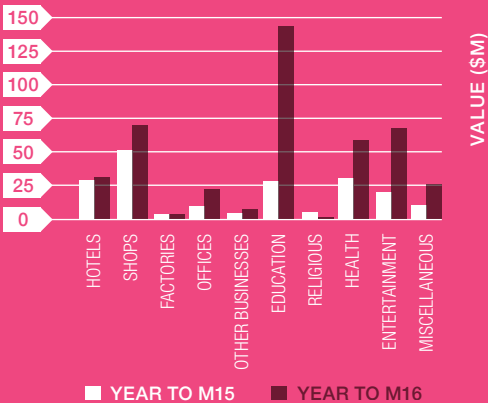
Commercial building approvals in NSW tapered off, down 7.9% on the year to March 2015 (\$9.2 billion) and now sitting at \$8.5 billion. Private investment accounted for 77.4% (\$6.6 billion) of this investment.

Source: IRIS/ABS Building Approval Statistics

VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR





RENTAL MARKET

The year to March 2016 saw similar growth in median weekly rental price for both houses and units.

The median weekly unit price rose to \$385, up 10.0% on the year to March 2016. Over the year there was a 14.9% fall in the average number of units advertised per week from 47 to 40.

The median weekly house price was up 11.1% to \$500. The average number of houses advertised per week increased from 24 to 27.

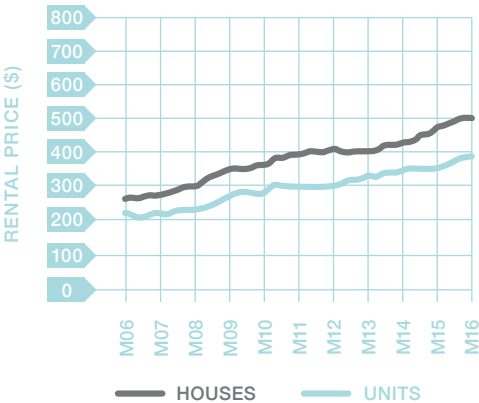
Results for the three months to March:

The median weekly rental price for units climbed 5.6% to \$380 over the quarter while the result for houses grew 4.2% to \$500.

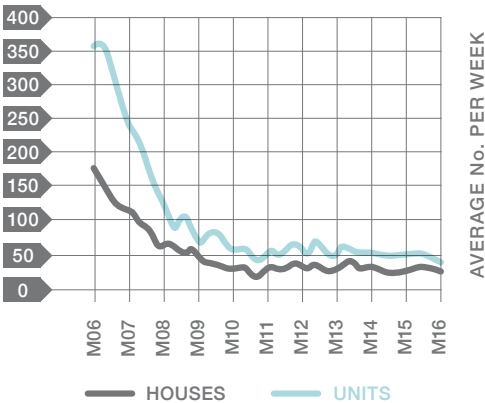
The average number of weekly rentals advertised fell 23.5% to 26 for units and 20.0% to 20 for houses.

Source: IRIS/Illawarra Mercury Housing Database

YEARLY RENT PRICE (WSD)



RENTAL LISTINGS (WSD)





RENTAL RETURN ON INVESTMENT

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

Dapto/Kanahooka/Koonawarra (5.0%) was the area with the highest RROI, though the result was slightly down on the year to December 2015 (5.2%). The next highest result was for Lake Illawarra Sth. to Oak Flats at 4.9%.

Austinmer/Thirroul (3.6%) and Kiama (3.4%) again recorded the weakest yields due to rather stagnant median weekly rent prices compared to significant growth in median house price for both areas.

In the rental market for flats/units:

Lake Illawarra Sth. to Oak Flats recorded the highest RROI at 5.2%. Dapto/Koonawarra/Kanahooka (5.1%), Kiama (5.0%), Shellharbour (4.9%) and Wollongong to Figtree (4.8%) followed.

Bulli/Woonona (3.8%) saw the lowest RROI due to a 10.7% fall in median weekly rent price.

HOUSE PRICES		YR TO M15	YR TO M16	RROI (%)
Austinmer/Thirroul		695	700	3.6
Bulli/Woonona		530	580	3.8
Russell Vale to Fairy Meadow		480	500	4.0
Wollongong to Figtree		460	540	4.5
Unanderra to Mt Kembla		420	450	4.0
Dapto/Kanahooka/Koonawarra		415	450	5.0
Lake Heights to Windang		367	400	4.6
Lake Illawarra Sth to Oak Flats		400	450	4.9
Shellharbour		540	580	4.5
Kiama		490	490	3.4
FLAT/UNIT PRICES		YR TO M15	YR TO M16	RROI (%)
Austinmer/Thirroul		392	350	3.8
Bulli/Woonona		330	360	4.2
Russell Vale to Fairy Meadow		350	400	4.8
Wollongong to Figtree		340	350	5.1
Unanderra to Mt Kembla		350	340	5.2
Dapto/Kanahooka/Koonawarra		435	420	4.9
Lake Heights to Windang		427	465	5.0



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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 Cooperatives, the State Government and from the IRIS database.

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