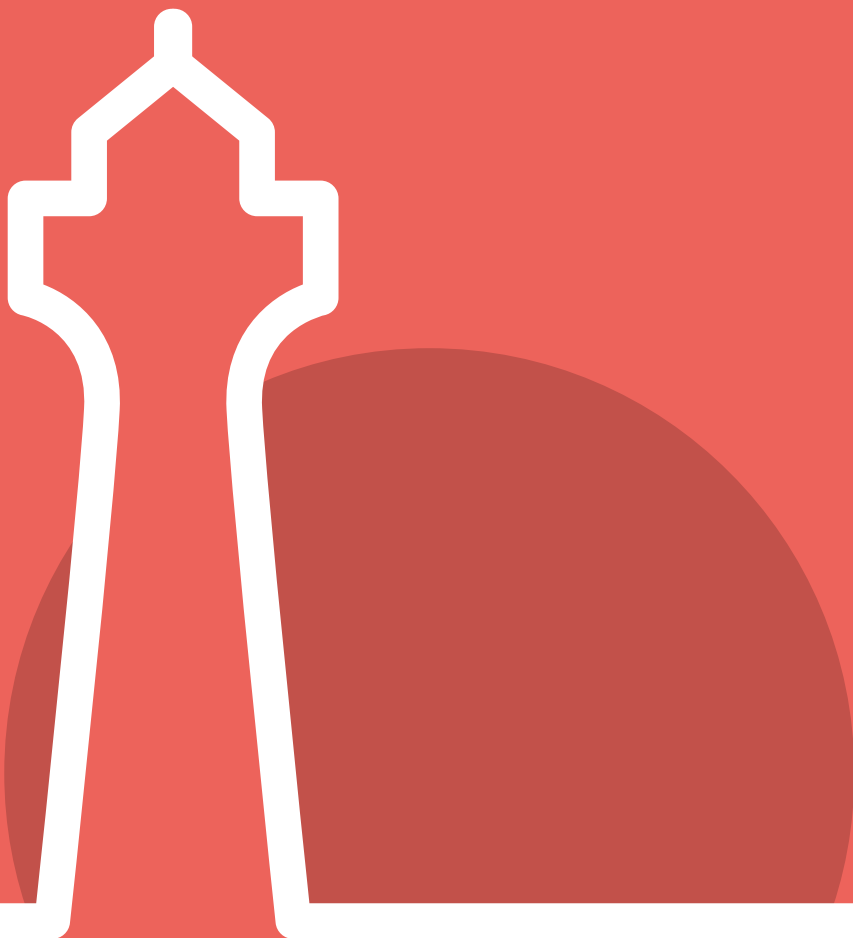


PROFILE ILLAWARRA

MARCH 2017





HIGHLIGHTS

Local consumer sentiment declined, with the Illawarra Consumer Sentiment Index down 7 pts over the quarter, now sitting at 78 pts.

Coal production for the year was down 8.5% to 14.4 million tonnes. Average employment fell 11.4% to 2,355, leaving yearly productivity up 3.3% to 6,111.3 tonnes per employee.

Port Kembla saw a 6.2% fall in exports to 13.4 million tonnes while imports lifted 9.1% to 13.1 million tonnes.

Labour force results were mixed. While the number of employed persons was up 3.6% to 145,300, the unemployment rate and youth unemployment rate also increased.

From an investor's perspective, the rental market saw significant gains with the median weekly unit price up 21.6% to \$450 and the median weekly house price up 9.3% to \$530.

ANNUAL STATE OF THE REGION

HOUSE SALES	2,397
UNIT SALES	912
LAND LOT SALES	186
UNEMPLOYMENT	6.8%
YOUTH UNEMPLOYMENT	16.8%
EMPLOYED PERSONS	145,300



↑ The median purchase price for houses in the WSD was up 1.6% to \$570,000 (2,397 sales) while the median unit price grew 12.6% to \$490,000 (912 sales).

↑ A total of 3,108 dwellings were approved in the ISD during the year. This consisted of 1,908 houses (up 13.4%) and 1,199 units, flats and townhouses (down 27.8%).

↑ The value of ISD non-residential approvals totalled \$385.5 million in the year to December 2016, down 28.6% on the year to December 2015 (\$539.9 million). Private investment contracted 19.8% to \$278.9 million while public investment fell 44.5% to \$106.6 million.

TONNES OF COAL	14.4 MILLION
TONNES OF EXPORTS	3.4 MILLION
TONNES OF IMPORTS	3.1 MILLION
DOMESTIC VISITOR NIGHTS	11.3 MILLION
NON-RES BUILDING APPROVALS	\$385.5 MILLION

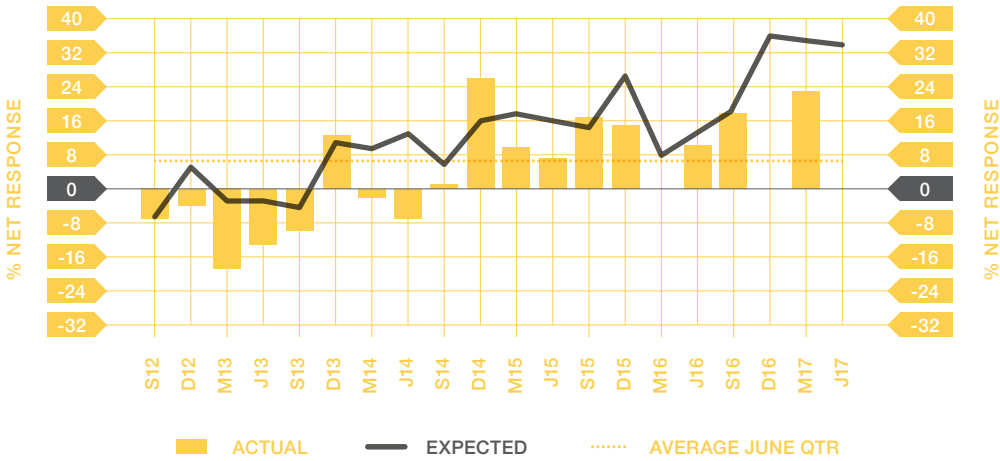
TRADING ACTIVITY

The upward trend in trading activity continued in the three months to March.

A net 23.0% of local businesses saw stronger trading conditions over the March quarter. This result sits 16.5% pts above the long-term average for the March quarter and is the highest net score since the 2014 December quarter.

Expectations are high heading into the June quarter with a net 34.0% of firms anticipating improved trading activity. This result sits 18.5% pts above the long-term average June quarter expectation level.

TRADING CONDITIONS





CONSUMER SENTIMENT

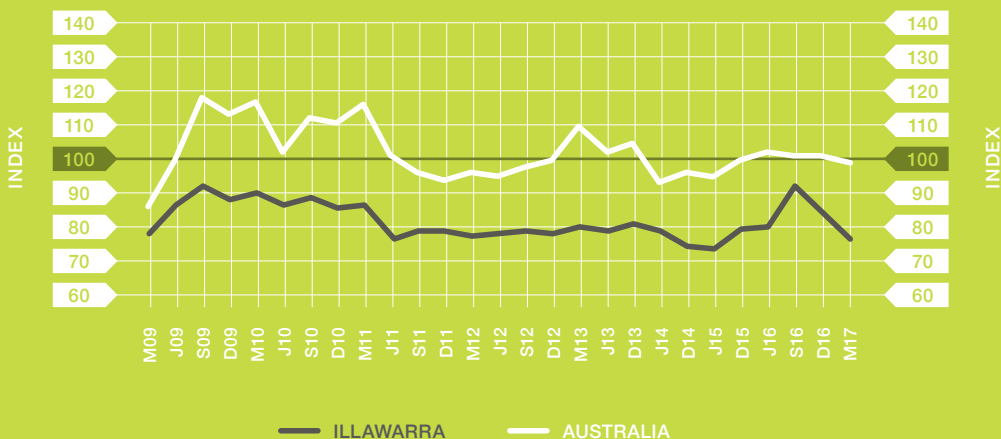
The latest IRIS Research Consumer Sentiment Monitor suggests local consumer confidence has continued to fall sharply relative to the national level.

The *Illawarra Consumer Sentiment Index* fell 7 pts to 78 pts over the quarter. This result sits 9 pts below the long-term March quarter average.

This was driven by a decline in the financial position and debt levels of local residents.

Westpac's *Australian Consumer Sentiment Index* was fairly steady at 100 pts, down 1 pt on the December quarter.

CONSUMER SENTIMENT





TRADE

SOUTHERN MINES COAL PRODUCTION

Production and employment declined in the year to December 2016.

A total of 14.4 million tonnes was produced, down 8.5% on the year to December 2015. Over the same timeframe average employment fell 11.4% to 2,355.

As the fall in employment was greater than the fall in production, yearly productivity grew 3.3% to 6,111.3 tonnes per employee.

During the three months to December 2016:

A total of 3.3 million tonnes was produced, down 8.0% on the September quarter.

Average employment was down 12.3% to 2,123 over the quarter. These results combined for a 4.9% increase in quarterly productivity to 1,562.2 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION





PORT KEMBLA TRADE

Exports continued to fall and imports continued to rise over the twelve months to December 2016.

Results for the December quarter:

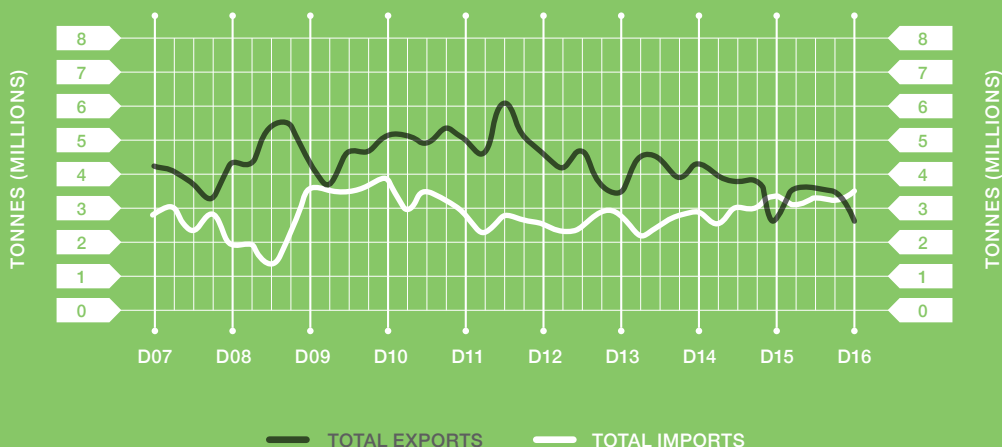
The year to December saw a 6.2% fall in exports to 13.4 million tonnes.

Meanwhile, there was a 9.1% lift in imports to 13.1 million tonnes.

Exports sunk 27.2% to 2.6 million tonnes on the back of a poor November result (589,570 tonnes).

Imports totalled 3.5 million, up 11.4% on the September quarter.

PORT KEMBLA TRADE



TOURISM ACTIVITY

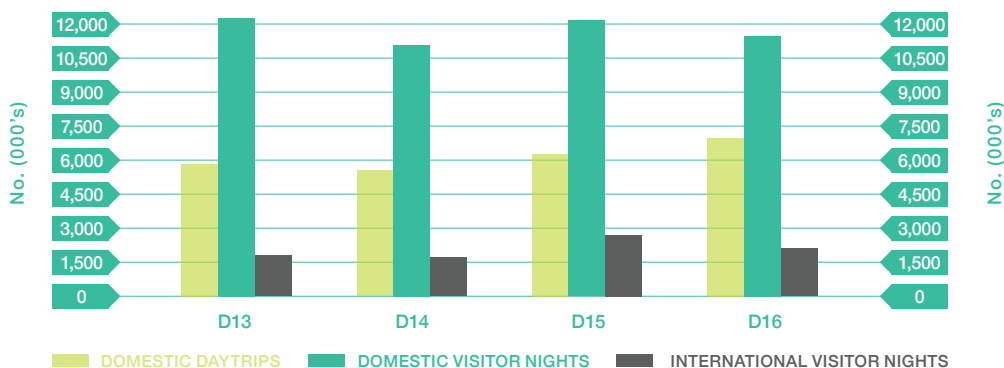
The latest data from Destination NSW for the South Coast shows that tourism expenditure was up despite fewer visitors to the region.

The average daytrip visitor spent \$100, up 8.9% on the year to December 2015. The number of daytrips to the South Coast lifted 11.6% to 7,000. The combined effect of these results was a 21.6% surge in daytrip expenditure to \$703 million.

The year to December 2015 saw 3.6 million domestic overnight travellers visit the South Coast, up 5.2%. However, nights spent in the region fell 6.2% to 11.5 million. These visitors spent \$138 per night, up 16.5%. Overall, domestic overnight expenditure was up 9.2% to \$1.6 billion.

NIGHTS (,000)

	Year to Dec 15	Year to Dec 16	Change (%)
Domestic Daytrips	6,270	7,000	11.6
Domestic Visitor Nights	12,200	11,500	-5.7
International Visitor Nights	2,742	2,204	-19.6



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, 145,900 international tourists visited the region, up 12.9%. Nights spent in the region slumped 19.6% to 2.2 million. International visitors spent \$97 per night, up 11.9%. These results caused international overnight expenditure to weaken 10.1% to \$213.9 million.

Overall, tourism expenditure totalled \$2.5 billion, up 10.4% on last year's result (\$2.3 billion).

EXPENDITURE

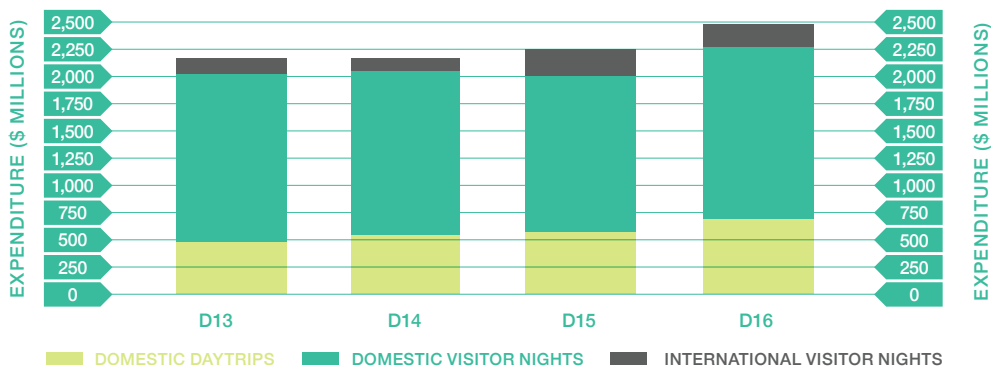
(\$M)

Year to Dec 15

Year to Dec 16

Change (%)

Domestic Daytrips	578	703	21.6
Domestic Visitor Nights	1,447	1,581	9.3
International Visitor Nights	238	214	10.1
TOTAL	2,263	2,498	10.4





LABOUR MARKET

The number of employed persons as well as the local unemployment rate were up due to higher workforce participation.

On average, 145,300 persons were employed in the Illawarra, up 3.6% on the year to December 2016.

The unemployment rate was up 0.4% pts to 6.8%.

The local participation rate rose 2.0% pts to 62.2%.

The Illawarra youth unemployment rate jumped to 16.8%, up 4.2% pts.

The average number of persons receiving unemployment benefits grew to 8,339, up 3.3%.

ISD LABOUR MARKET STATISTICS YEAR OVER YEAR

	Year to Dec 15 (Ave.)	Year to Dec 16 (Ave.)
EMPLOYMENT (000's)	140.2	145.3
UNEMPLOYMENT RATE (%)	6.4	6.8
PARTICIPATION RATE (%)	60.2	62.2
YOUTH UNEMPLOYMENT RATE (%)	12.6	16.8
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,070	8,339



Labour market results for the three months to December:

The average number of employed persons fell 1.6% to 145,000.

The participation rate was down 1.6% pts to 61.0%.

Unemployment figures improved over the quarter with the local unemployment rate down 0.5% pts to 5.6% and the youth unemployment rate down 1.8% to 11.8%.

The average number of unemployment benefit recipients decreased 0.8% pts to 7,893

ISD LABOUR MARKET STATISTICS BY QUARTER

	Sep 16 Qtr (Ave.)	Dec 16 Qtr (Ave.)
EMPLOYMENT ('000's)	147.4	145.0
UNEMPLOYMENT RATE (%)	6.1	5.6
PARTICIPATION RATE (%)	62.5	61.0
YOUTH UNEMPLOYMENT RATE (%)	13.6	11.8
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,956	7,893

RENTAL MARKET

Rental price growth was higher for units compared to houses.

Key results for the three months to December 2016:

- The median weekly house price for the year to December 2016 was \$530, up 9.3% on the year to December 2015. Over the year the average number of houses advertised per week dropped from 29 to 26.
- The median weekly unit price rose to \$450, up 21.6%. The average number of units advertised per week fell from 44 to 30.
- The median weekly house price was up 4.0% to \$520 while the median weekly unit price was up 5.2% to \$442
- The average number of weekly rentals advertised increased from 26 to 31 for houses and 32 to 33 for units.

RENTAL MARKET VALUES

		YEAR TO DEC 15	YEAR TO DEC 16	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	485	530	9.3
	AVERAGE WEEKLY LISTINGS (NO.)	29	26	-10.3
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	255	282	10.6
	AVERAGE WEEKLY LISTINGS (NO.)	7	3	-57.1
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	360	410	13.9
	AVERAGE WEEKLY LISTINGS (NO.)	24	15	-37.5
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	370	450	21.6
	AVERAGE WEEKLY LISTINGS (NO.)	44	30	-31.8



SELECTED AREAS

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

- In terms of houses, Lake Heights to Windang saw the highest growth, up 15.8% to \$440, followed by Kiama, up 11.3% to \$540.
- For units, Lake Illawarra South to Oak Flats saw the highest growth, up 27.3% to \$420. This was followed by Shellharbour, up 25.0% to \$500. Unanderra to Mount Kembla saw the lowest growth, up 1.4% to \$370.

MEDIAN RENTS FOR SELECTED AREAS

	HOUSES			UNITS/FLATS/TOWNHOUSES		
	YEAR TO DEC 15	YEAR TO DEC 16	YEARLY CHANGE	YEAR TO DEC 15	YEAR TO DEC 16	YEARLY CHANGE
AUSTINMER/THIRROUL	690	700	1.4	470	550	17.0
BULLI/WOONONA	570	605	6.1	350	430	22.9
RUSSELL VALE TO FAIRY MEADOW	500	550	10.0	350	420	20.0
WOLLONGONG TO FIGTREE	520	540	3.8	380	460	21.1
UNANDERRA TO MOUNT KEMBLA	450	500	11.1	365	370	1.4
DAPTO/KANAHOOKA/KOONAWARRA	450	490	8.9	350	400	14.3
LAKE HEIGHTS TO WINDANG	380	440	15.8	270	320	18.5
ALBION PARK TO ALBION PARK RAIL	440	460	4.5	380	450	18.4
LAKE ILLAWARRA STH. TO OAK FLATS	450	480	6.7	330	420	27.3
SHELLHARBOUR	570	597	4.7	400	500	25.0
KIAMA	485	540	11.3	450	490	8.9



PROPERTY

There were strong results for the Illawarra property market over the year to December.

The median purchase price for houses in the WSD climbed 1.6% to \$570,000. The median price for units was up 12.6% to \$490,000 while the median land price strengthened 18.4% to \$361,250.

Looking at the market for houses in the ISD, Wingecarribee LGA recorded the highest growth, up 16.3% to \$570,000. This was followed by Shoalhaven LGA (up 10.4% to \$425,000).

For units, Wollongong LGA saw the strongest growth, up 13.6% to \$500,000. The next highest result was Shellharbour LGA, up 12.2% to \$450,000. Wingecarribee LGA was down 3.6% to \$458,000.

Looking at median land prices, Wingecarribee LGA saw the highest growth, up 36.2% to \$320,000. Meanwhile, Shellharbour LGA was down 8.4% to \$300,000.

MEDIAN PROPERTY VALUES

	YEAR TO DEC 15	YEAR TO DEC 16	CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	561,250	570,000	1.6
WOLLONGONG LGA	565,000	595,000	5.3
SHELLHARBOUR LGA	507,500	515,000	1.5
KIAMA LGA	710,000	726,000	2.3
SHOALHAVEN LGA	385,000	425,000	10.4
WINGECARRIBEE LGA	490,000	570,000	16.3
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	435,000	490,000	12.6
WOLLONGONG LGA	440,000	500,000	13.6
SHELLHARBOUR LGA	401,000	450,000	12.2
KIAMA LGA	482,500	510,000	5.7
SHOALHAVEN LGA	315,000	345,000	9.5
WINGECARRIBEE LGA	475,000	458,000	-3.6
LAND			
WOLLONGONG STATISTICAL DISTRICT	305,000	361,250	18.4
WOLLONGONG LGA	260,000	350,000	34.6
SHELLHARBOUR LGA	327,500	300,000	-8.4
KIAMA LGA	360,000	473,500	31.5
SHOALHAVEN LGA	159,825	202,500	26.7
WINGECARRIBEE LGA	235,000	320,000	36.2



Looking at the December quarter:

The WSD median purchase price for houses was up 6.0% to \$593,750. The result for units was up 5.1% to \$508,500 and for land was up 3.8% to \$375,000.

Looking at the ISD housing market, Wingecarribee LGA saw the highest quarterly growth, up 18.4% to \$610,000.

For units, Shoalhaven LGA saw the highest growth over the quarter, up 20.3% to \$385,000.

In the market for land, Shoalhaven LGA also saw the highest growth, up 12.4% to \$213,500.

SALES

	YEAR TO DEC 16		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	2,397	912	186
WOLLONGONG LGA	1,546	695	117
SHELLHARBOUR LGA	687	168	36
KIAMA LGA	164	49	33
SHOALHAVEN LGA	1,337	127	308
WINGECARRIBEE LGA	413	107	167



DWELLING APPROVALS

A relatively weak December quarter led to a fall in dwelling approvals over the year.

A total of 3,107 dwellings were approved in the ISD over the twelve months to December 2016, down 7.0% on the year to December 2015. This consisted of 1,908 houses (up 13.4%) and 1,199 units, flats and townhouses (down 27.8%)

Across the WSD, dwelling approvals were up 15.1% to 2,008. This was driven by growth in approvals for houses, up 37.6% to 999. Unit approvals fell 1.0% to 1,009

Looking at the three months to December, ISD approvals totalled 650, down 20.2% on the September quarter. Approvals for houses fell 30.7% to 404 while unit approvals were up 6.0% to 246

NUMBER OF DWELLING APPROVALS





DWELLING APPROVALS BY LGA

	YEAR TO QUARTER				
	D12	D13	D14	D15	D16
WOLLONGONG LGA	421	781	971	1,061	1,152
SHELLHARBOUR LGA	292	416	522	592	519
KIAMA LGA	8	66	43	88	335
SHOALHAVEN LGA	464	592	615	642	691
WINGECARRIBEE LGA	144	126	469	920	461



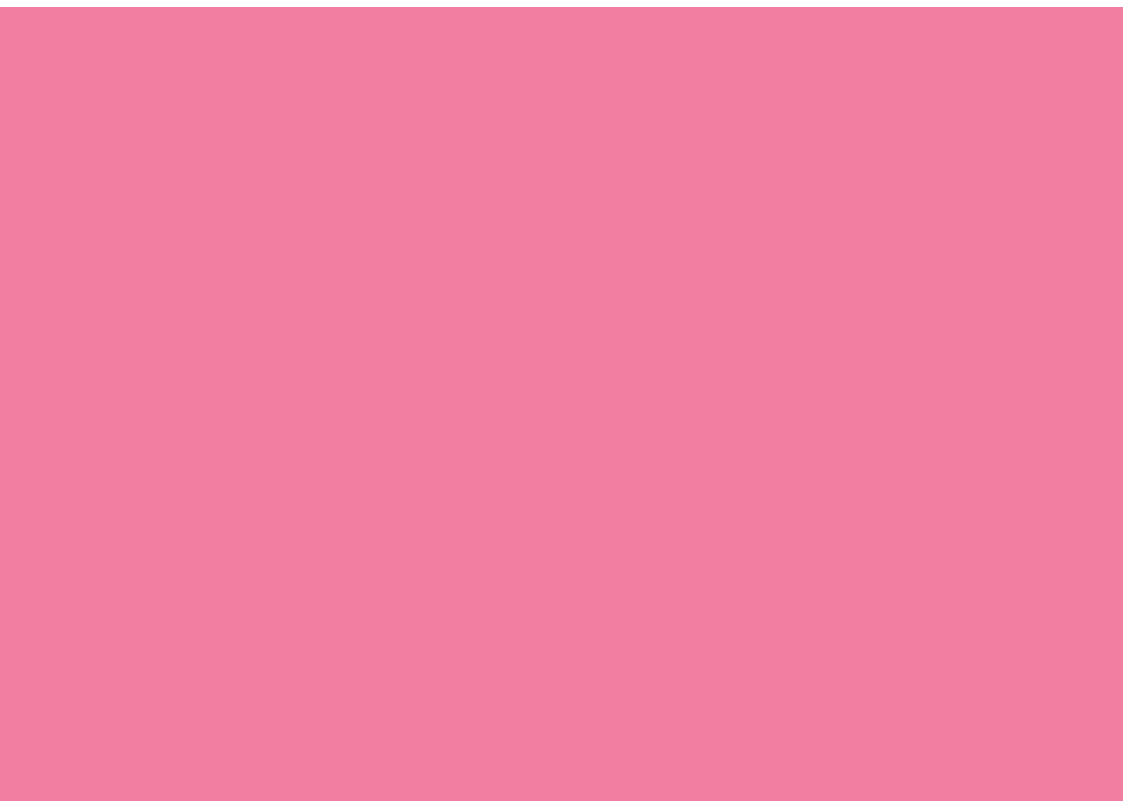
NON-RESIDENTIAL BUILDING APPROVALS

The value of non-residential building approvals declined over the year to December 2016.

- The value of ISD non-residential approvals totalled \$385.5 million in the year to December 2016, down 28.6% on the year to December 2015 (\$539.9 million). Private investment contracted 19.8% to \$278.9 million while public investment fell 44.5% to \$106.6 million.
- 64.4% of the aforementioned ISD investment was generated in the WSD (\$248.3 million). Meanwhile, there was \$10.9 billion of non-residential approvals during the year in NSW.
- Sectors showing growth include shops (to \$75.7 million) and factories (to \$8.4 million). The significant fall in education investment over the year (down 91.3% to \$12.4 million) was caused by an unusually high September quarter result in 2015 (\$127.0 million).

VALUE OF NON-RESIDENTIAL BUILDING APPROVALS







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Report Notes

The Profile Illawarra Report is produced quarterly by IRIS Research as an economic snapshot of the region. 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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