

PROFILE ILLAWARRA

JUNE 2017





HIGHLIGHTS

A net 35.4% of local businesses experienced stronger trading conditions during the June quarter.

Local consumer sentiment improved with the Illawarra Consumer Sentiment Index up 5 pts to 84 pts over the quarter.

Coal production for the year was down 13.5% to 13.8 million tonnes. Average employment fell 11.4% to 2,327, leaving yearly productivity down 4.5% to 5,940.3 tonnes per employee.

Port Kembla saw a 5.2% fall in exports to 13.2 million tonnes while imports lifted 5.9% to 13.3 million tonnes.

Tourism expenditure in the South Coast saw a 10.0% boost to \$2.5 billion on the back of increased spending from domestic and international overnight visitors.

ANNUAL STATE OF THE REGION

HOUSE SALES	2,331
UNIT SALES	902
LAND LOT SALES	175
UNEMPLOYMENT	6.2%
YOUTH UNEMPLOYMENT	14.1%
EMPLOYED PERSONS	144,900



Labour force results were positive with a 2.1% increase in the number of persons employed. With participation steady, unemployment was down 0.6% pts to 6.2% and youth unemployment was down 1.5% pts to 14.1%.

From an investor's perspective, the rental market improved over the year with the median WSD weekly rental price up 6.0% to \$530 for houses and 19.5% to \$460 for units.

The WSD property market strengthened over the year with the median sale price for houses up 4.9% to \$605,000 (2,331) sales and for units up 13.3% to \$492,250 (902 sales).

A total of 2,991 dwelling were approved in the ISD over the twelve months to March 2017, down 13.4% on the year to March 2016. This consisted of 1,927 houses (up 15.0%) and 1,064 units, flats and townhouses (down 40.1%).

The value of ISD non-residential approvals totalled \$462.5 million, down 9.4% on the year to March 2016 (\$510.7 million). 69.4% of the aforementioned ISD investment was generated in the WSD (\$321.1 million).

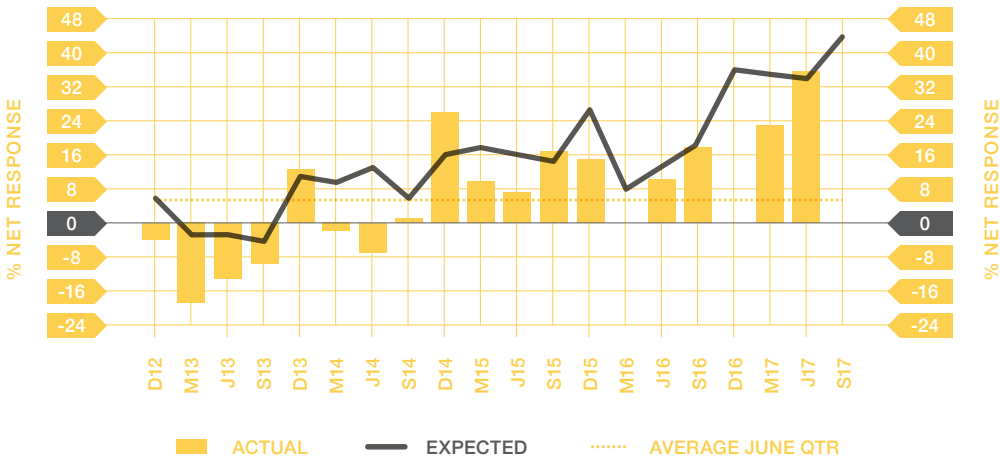
TONNES OF COAL	13.8 MILLION
TONNES OF EXPORTS	13.2 MILLION
TONNES OF IMPORTS	13.3 MILLION
DOMESTIC VISITOR NIGHTS	11.3 MILLION
NON-RES BUILDING APPROVALS	\$462.5 MILLION

TRADING ACTIVITY

There has been a sustained upward trend in trading activity over the past year.

- A net 35.4% of local businesses experienced stronger trading conditions during the three months to June, up 24.8% on the 2016 June quarter. This result sits 30.6% pts above the long-term average for the June quarter.
- Illawarra firms are optimistic heading into the September quarter with a net 43.9% anticipating stronger trading conditions.

TRADING CONDITIONS



CONSUMER SENTIMENT

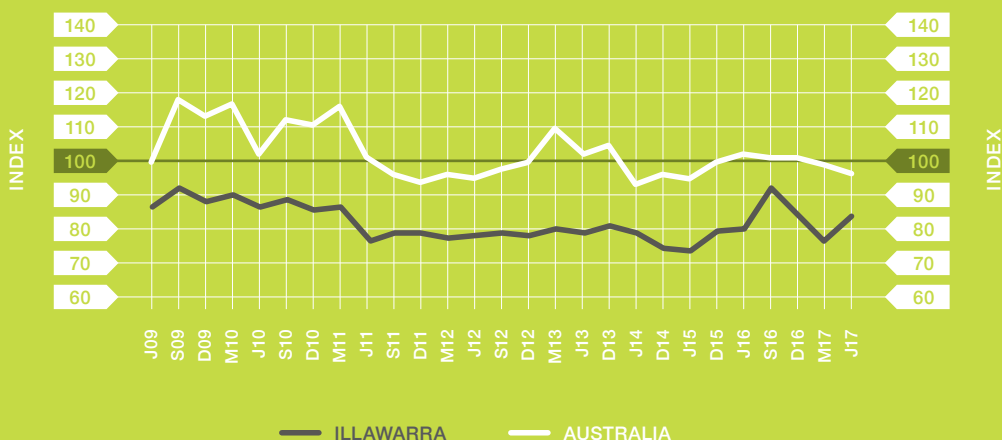
The latest IRIS Research Consumer Sentiment Monitor suggests local consumer confidence is bouncing back against the national trend.

The *Illawarra Consumer Sentiment Index* rose 5 pts to 84 pts over the past 12 months. This result sits 1 pt below the long-term June quarter average.

This was driven by improved sentiment regarding job availability, borrowing money and making major financial decisions such as buying a car.

Westpac's *Australian Consumer Sentiment Index* was down 6 pts to 96 pts. This is the first result below 100 pts since the 2015 June quarter.

CONSUMER SENTIMENT





TRADE

SOUTHERN MINES COAL PRODUCTION

Both production and employment declined in the year to March 2017.

A total of 13.8 million tonnes was produced, down 13.5% on the year to March 2016. Over the same timeframe average employment fell 11.4% to 2,327.

As the fall in production was greater than the fall in employment, yearly productivity was down 4.5% to 5,940.3 tonnes per employee.

During the three months to March 2017:

A total of 2.9 million tonnes was produced, down 20.5% on the December quarter. However, average employment rose 9.8% to 2,330 over the quarter.

These results combined to leave quarterly productivity down 27.6% to 1,231.2 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION





PORT KEMBLA TRADE

Despite a stronger March quarter, exports continued to decline over the year to March 2017.

The year to March saw a 5.2% fall in exports to 13.2 million tonnes.

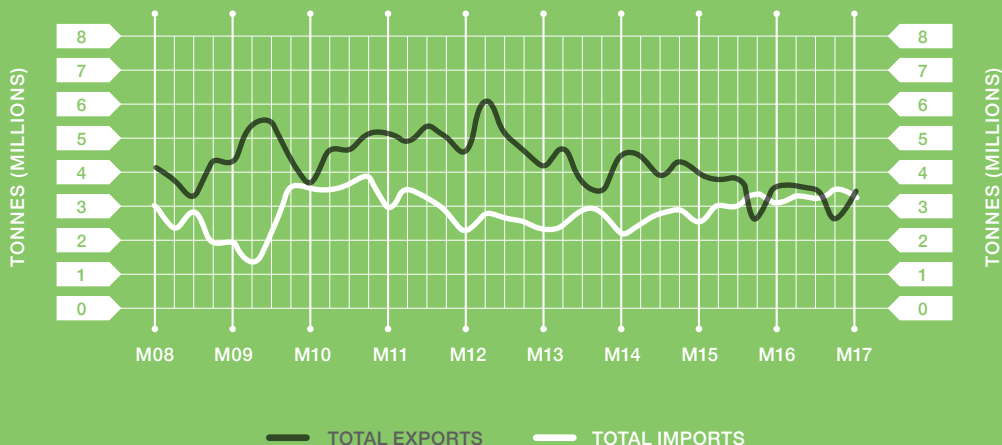
Meanwhile, there was a 5.9% lift in imports to 13.3 million tonnes.

Results for the March quarter:

Exports strengthened 32.4% to 3.4 million tonnes. This represents a reversion to trend after a relatively poor December quarter result (2.6 million tonnes).

Imports totalled 3.3 million, down 8.0% on the December quarter.

PORT KEMBLA TRADE



TOURISM ACTIVITY

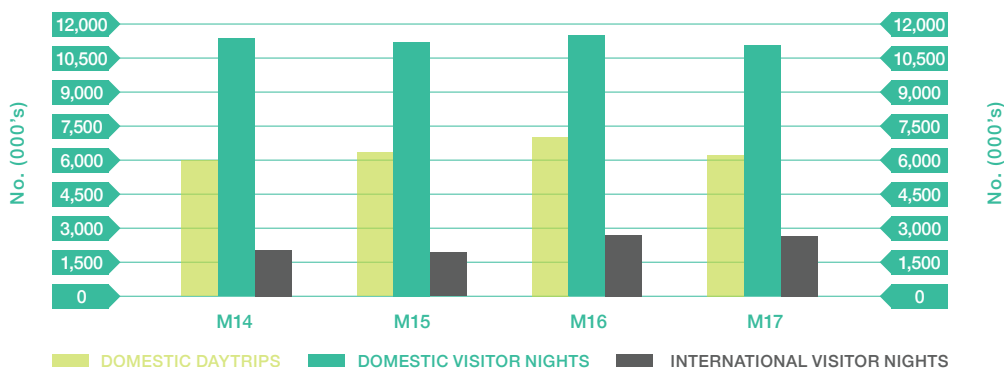
The latest data from Destination NSW for the South Coast shows that tourism expenditure saw a boost on the back of increased spending from domestic and international overnight visitors.

The average daytrip visitor spent \$101, up 10.1% on the year to March 2016. The number of daytrip visitors to the South Coast fell 12.2% to 6.2 million. The combined effect of these results was a contraction in daytrip expenditure to \$622 million, down 3.4% on the year to March 2016.

The twelve months to March saw 3.6 million domestic overnight travellers visit the South Coast, up 2.3%. However, nights spent in the region were down 3.8% to 11.0 million. These visitors spent \$152 per night, a 20.1% boost. Overall, domestic overnight expenditure was up 15.5% to \$1.7 billion.

NIGHTS (000's)

	Year to Mar 16	Year to Mar 17	Change (%)
Domestic Daytrips	7,010	6,153	-12.2
Domestic Visitor Nights	11,428	10,989	-3.8
International Visitor Nights	2,584	2,648	2.5



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.

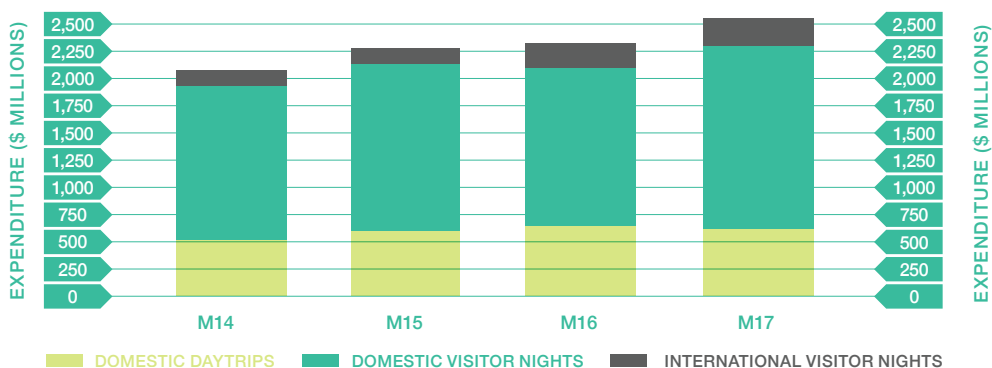


Over the year, 162,000 international tourists visited the region, up 18.8% on the year to March 2016. Nights spent in the region increased 2.5% to 2.6 million. International visitors spent \$96 per night, up 9.9%. International overnight expenditure lifted 12.7% to \$244 million.

Overall, tourism expenditure totalled \$2.5 billion, up 10.0% on last year's result (\$2.3 billion). The drivers of this growth were significant increases in both domestic and international overnight travel.

EXPENDITURE (\$M)

	Year to Mar 16	Year to Mar 17	Change (%)
Domestic Daytrips	644	622	-3.4
Domestic Visitor Nights	1,447	1,672	15.5
International Visitor Nights	225	254	12.7
TOTAL	2,316	2,548	10.0





LABOUR MARKET

With workforce participation steady, an increase in the number of employed persons led to a reduction in local unemployment.

On average, 144,900 persons were employed in the Illawarra, up 2.1% on the year to March 2016.

The unemployment rate was down 0.6% pts to 6.2%.

The local participation rate was steady, up 0.1% pts to 61.4%.

The Illawarra youth unemployment improved, down 1.5% pts to 14.1%.

On the back of lower rates of unemployment, the average number of persons receiving unemployment benefits was down 2.7% to 8,161.

ISD LABOUR MARKET STATISTICS YEAR OVER YEAR

	Year to Mar 16 (Ave.)	Year to Mar 17 (Ave.)
EMPLOYMENT (000's)	141.9	144.9
UNEMPLOYMENT RATE (%)	6.8	6.2
PARTICIPATION RATE (%)	61.3	61.4
YOUTH UNEMPLOYMENT RATE (%)	15.6	14.1
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,387	8,161



Labour market results for the three months to March:

- The average number of employed persons fell 2.1% to 141,900.
- The unemployment rate was up 0.3% pts to 5.9%.
- The local participation rate fell 1.5% to 59.5%.
- Youth unemployment in the Illawarra increased 1.8% pts to 13.6%.
- The average number of persons receiving unemployment benefits lifted 6.4% to 8,397.

ISD LABOUR MARKET STATISTICS BY QUARTER

	Dec 16 Qtr (Ave.)	Mar 17 Qtr (Ave.)
EMPLOYMENT (000's)	145.0	141.9
UNEMPLOYMENT RATE (%)	5.6	5.9
PARTICIPATION RATE (%)	61.0	59.5
YOUTH UNEMPLOYMENT RATE (%)	11.8	13.6
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,893	8,397

RENTAL MARKET

Rental price growth for units surged over the twelve months to March.

• The median weekly house price for the year to March 2017 was \$530, up 6.0% on the year to March 2016. Over the year the average number of houses advertised per week rose from 27 to 29.

• The median weekly unit price grew 19.5% to \$460. The average number of units advertised per week fell from 40 to 32.

Key results for the three months to March 2017:

• The median weekly house price was up 1.9% to \$530 while the median weekly unit price was up 1.8% to \$450.

• The average number of weekly rentals advertised increased from 31 to 34 for houses while units remained steady at 33.

RENTAL MARKET VALUES

		YEAR TO MAR 16	YEAR TO MAR 17	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	500	530	6.0
	AVERAGE WEEKLY LISTINGS (NO.)	27	29	7.4
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	257	290	12.8
	AVERAGE WEEKLY LISTINGS (NO.)	6	3	-50.0
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	370	400	8.1
	AVERAGE WEEKLY LISTINGS (NO.)	21	15	-28.6
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	385	460	19.5
	AVERAGE WEEKLY LISTINGS (NO.)	40	32	-20.0



SELECTED AREAS

Looking at selected areas during the twelve months to March 2017:

In terms of houses, Lake Heights to Windang saw the highest growth in weekly rental price, up 15.0% to \$460. This was followed by Kiama, up 11.2% to \$545.

For units, all areas with the exception of Unanderra to Mount Kembla saw double-digit growth with the highest being Bulli/Woonona, up 37.1% to \$480. This was followed by Dapto/Koonawarra /Kanahooka, up 20.6%.

MEDIAN RENTS FOR SELECTED AREAS

	HOUSES			UNITS/FLATS/TOWNHOUSES		
	YEAR TO MAR 16	YEAR TO MAR 17	YEARLY CHANGE	YEAR TO MAR 16	YEAR TO MAR 17	YEARLY CHANGE
AUSTINMER/THIRROUL	700	710	1.4	495	550	11.1
BULLI/WOONONA	575	620	7.8	350	480	37.1
RUSSELL VALE TO FAIRY MEADOW	500	550	10.0	360	420	16.7
WOLLONGONG TO FIGTREE	540	550	1.9	400	470	17.5
UNANDERRA TO MOUNT KEMBLA	455	500	9.9	360	375	4.2
DAPTO/KANAHOOKA/KOONAWARRA	455	500	9.9	350	422	20.6
LAKE HEIGHTS TO WINDANG	400	460	15.0	270	320	18.5
ALBION PARK TO ALBION PARK RAIL	440	470	6.8	382	440	15.2
LAKE ILLAWARRA STH. TO OAK FLATS	450	480	6.7	350	410	17.1
SHELLHARBOUR	580	600	3.4	415	160	10.8
KIAMA	490	545	11.2	470	520	10.6



PROPERTY

The property market in the Illawarra continued to strengthen over the year to March 2017.

The median sale price for houses in the WSD lifted 4.9% to \$605,000. The median price for units was up 11.9% to \$492,250 while the median land price climbed 15.7% to \$375,000.

Looking at the market for houses in the ISD, Wingecarribee LGA saw the highest growth, up 16.2% to \$589,000. This was followed by Shoalhaven LGA (up 13.9% to \$450,000).

For units, Shoalhaven LGA recorded the highest growth, up 18.5% to \$385,000. The next highest result was Kiama LGA, up 13.1% to \$560,000.

Due to relatively fewer sales, results for land are more mixed. Shoalhaven LGA and Wingecarribee LGA shared the highest growth, up 33.3% to \$220,000 and \$320,000, respectively.

MEDIAN PROPERTY VALUES

	YEAR TO MAR 16	YEAR TO MAR 17	CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	576,500	605,000	4.9
WOLLONGONG LGA	585,000	620,000	6.0
SHELLHARBOUR LGA	520,000	537,000	3.3
KIAMA LGA	750,000	760,000	1.3
SHOALHAVEN LGA	395,000	450,000	13.9
WINGECARRIBEE LGA	506,700	589,000	16.2
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	440,000	492,250	11.9
WOLLONGONG LGA	445,000	500,000	12.4
SHELLHARBOUR LGA	415,000	455,000	9.6
KIAMA LGA	495,000	560,000	13.1
SHOALHAVEN LGA	325,000	385,000	18.5
WINGECARRIBEE LGA	500,000	500,000	0.0
LAND			
WOLLONGONG STATISTICAL DISTRICT	324,000	375,000	15.7
WOLLONGONG LGA	280,000	370,000	32.1
SHELLHARBOUR LGA	375,000	340,000	-9.3
KIAMA LGA	355,000	430,000	21.1
SHOALHAVEN LGA	165,000	220,000	33.3
WINGECARRIBEE LGA	240,000	320,000	33.3



Looking at the March quarter:

The median sale price for houses in the WSD lifted 6.1% to \$630,000. The median price for units was down 0.7% to \$505,000 while the median land price climbed 2.7% to \$385,000.

Looking at the ISD housing market, Kiama LGA saw the highest growth, up 8.8% to \$796,500. This was followed by Shoalhaven LGA (up 6.7% to \$475,000).

For units, Kiama LGA also saw the highest growth over the quarter, up 29.5% to \$560,000.

In the market for land, Shellharbour LGA was up 37.0% to \$370,000.

SALES

	YEAR TO MAR 17		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	2,331	902	175
WOLLONGONG LGA	1,573	696	100
SHELLHARBOUR LGA	575	144	45
KIAMA LGA	183	62	30
SHOALHAVEN LGA	1,408	126	296
WINGECARRIBEE LGA	491	90	191



DWELLING APPROVALS

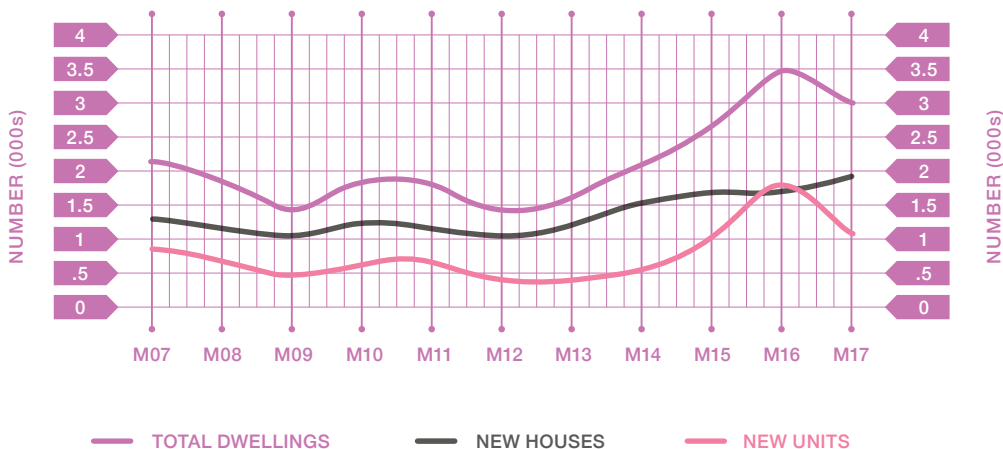
There was a fall in dwelling approvals over the past year on the back of a drop in unit approvals.

A total of 2,991 dwelling were approved in the ISD over the twelve months to March 2017, down 13.4% on the year to March 2016. This consisted of 1,927 houses (up 15.0%) and 1,064 units, flats and townhouses (down 40.1%).

Across the WSD, dwelling approvals were up 8.5% to 1,997. This was driven by growth in approvals for houses, up 53.6% to 1,109. Unit approvals fell 20.6% to 888.

Looking at the three months to March, ISD approvals totalled 559, down 14.0% on the December quarter. Approvals for houses were relatively stable, down 0.7% to 401 while unit approvals dropped 35.8% to 158.

NUMBER OF DWELLING APPROVALS





DWELLING APPROVALS BY LGA

	YEAR TO QUARTER				
	M13	M14	M15	M16	M17
WOLLONGONG LGA	539	830	928	1,165	1,052
SHELLHARBOUR LGA	353	415	519	587	560
KIAMA LGA	15	61	44	298	170
SHOALHAVEN LGA	511	568	661	677	638
WINGECARRIBEE LGA	135	195	468	925	381

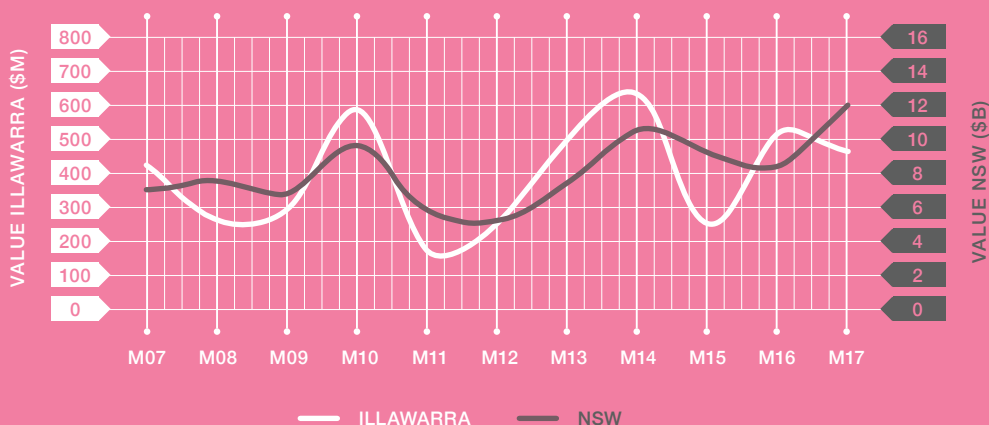


NON-RESIDENTIAL BUILDING APPROVALS

The value of non-residential building approvals in the Illawarra declined despite strong growth overall in NSW.

- The value of ISD non-residential approvals totalled \$462.5 million, down 9.4% on the year to March 2016 (\$510.7 million). An 11.0% increase in private investment (to \$350.6 million) did not compensate for the 42.6% fall in public investment to \$111.9 million.
- 69.4% of the aforementioned ISD investment was generated in the WSD (\$321.1 million). Meanwhile, there was \$12.0 billion of non-residential approvals during the year in NSW, up 41.1% on the back of strong growth in approvals for retail and offices.
- ISD sectors showing growth include shops (to \$107.9 million) and aged care (to \$65.6 million). The significant fall in education over the year (down 90.9% to \$12.8 million) was caused by an unusually high September quarter result in 2015 (\$127.0 million).

VALUE OF NON-RESIDENTIAL BUILDING APPROVALS

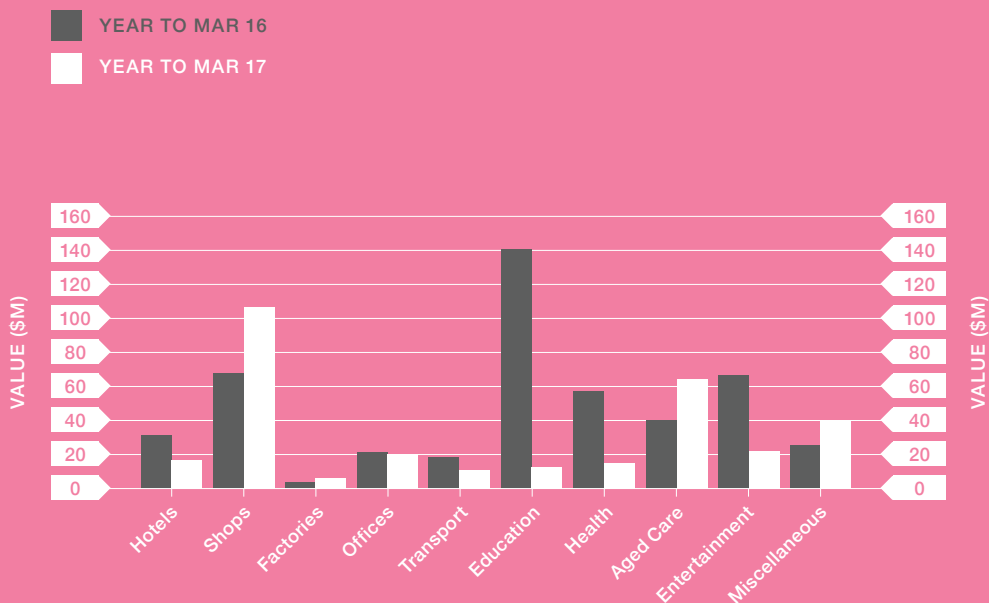




Key results for the three months to March:

ISD non-residential approvals totalled \$121.3 million, up 73.9%. The drivers of this growth were retail, accommodation and warehouse approvals.

83.8% of the aforementioned ISD investment was generated in the WSD (\$101.6 million).





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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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