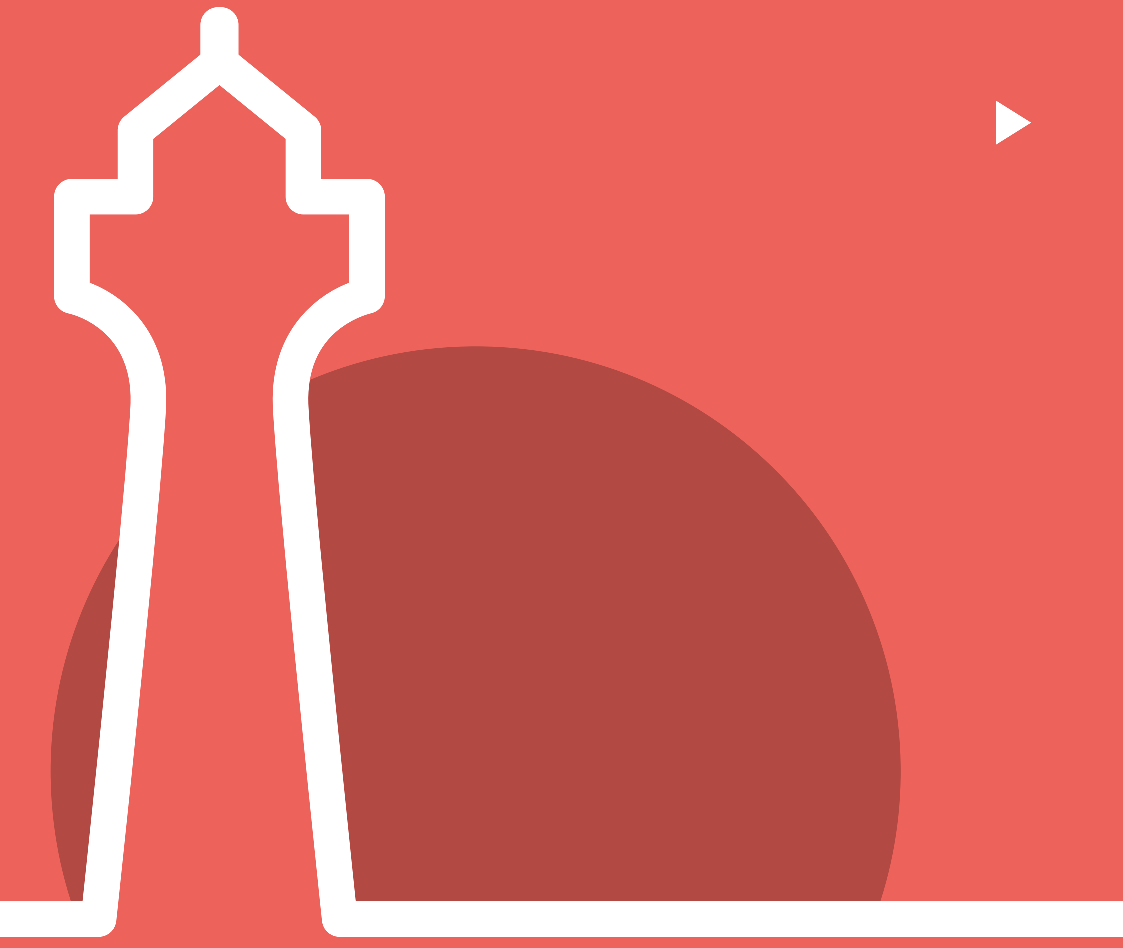
PROFILE ILLAWARRA

SEPTEMBER 2017



IRIS RESEARCH

HIGHLIGHTS

- Illawarra businesses reported strong trading activity in the September 2017 quarter, in line with last year's result.
- Local consumer sentiment improved over the quarter (up 4 pts to 88 pts) but was 4 pts down compared to last year. Westpac's Australian Consumer Sentiment Index fell 3 pts to 98 pts over the year.
- Coal production for the year was down 15.0% to 12.8 million tonnes. Average employment fell 7.4% to 2,302 leaving yearly productivity down 8.3% to 5,571.4 tonnes per employee.
- Port Kembla saw an 8.5% fall in exports to 12.6 million tonnes while imports saw an 8.1% lift to 13.8 million tonnes.
- Tourism expenditure in the South Coast region saw a significant boost, up 17.9% to $2.6 billion. This was driven by strong growth in spending from both domestic and international overnight visitors.

ANNUAL STATE OF THE REGION

HOUSE SALES	2,424
UNIT SALES	968
LAND LOT SALES	218
UNEMPLOYMENT	5.9%
YOUTH UNEMPLOYMENT	12.9%
EMPLOYED PERSONS	144,000

HIGHLIGHTS

- Illawarra labour force results were generally positive with the local unemployment rate down 0.5% pts to 5.9%. The local youth unemployment rate also improved, down 3.0% pts to 12.9%.
- From an investor's perspective, the rental market improved over the year with the median Wollongong Statistical District (WSD) weekly rent price up 6.0% to $530 for houses and 12.2% to $460 for units.
- The property market in the WSD strengthened over the year with the median sale price for houses up 10.5% to $630,000 (2,424 sales) and for units up 12.2% to $505,000 (968 sales).
- There was a significant downturn in approvals for units, flats and townhouses over the past year, down 38.9% to 976. Housing approvals were up 11.4% to 1,927 leaving total dwelling approvals down 12.8% to 2,903 for the year.
- The value of non-residential approvals in the Illawarra during the past 12 months totalled $469.3 million, down 22.4% on the year to June 2016.

TONNES OF COAL	**12.8 MILLION**
TONNES OF EXPORTS	**12.6 MILLION**
TONNES OF IMPORTS	**13.8 MILLION**
DOMESTIC VISITOR NIGHTS	**11.4 MILLION**
NON-RES BUILDING APPROVALS	**$469.3 MILLION**

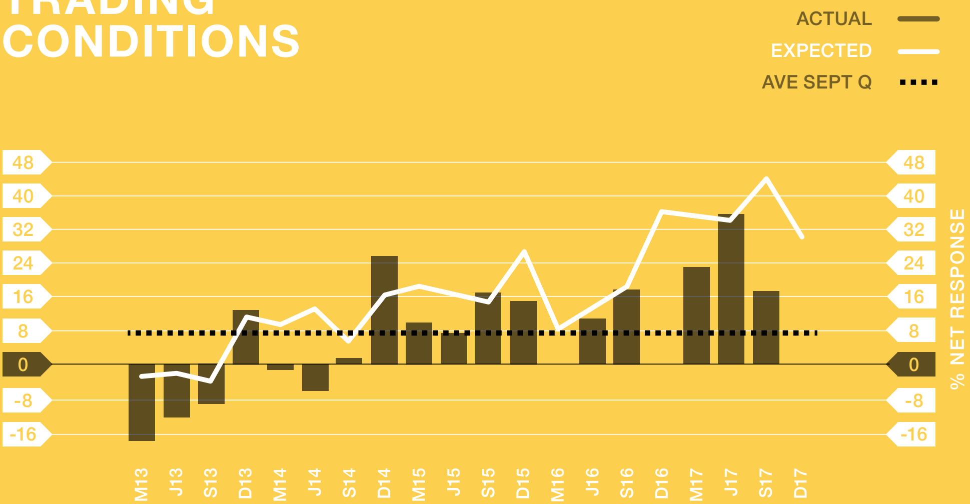
TRADING CONDITIONS

There was above-average trading activity in the Illawarra during the September quarter, in line with last year's result.

- 17.1% (net) of local businesses experienced stronger trading conditions during the three months to September, down 0.6% pts on 2016 September quarter. This score sits 9.9% pts above the long-term average for the quarter. However, this result was 26.8% pts below expectation.

- Illawarra firms are optimistic for a strong December quarter with a net 30.1% anticipating higher trading activity.

TRADING CONDITIONS

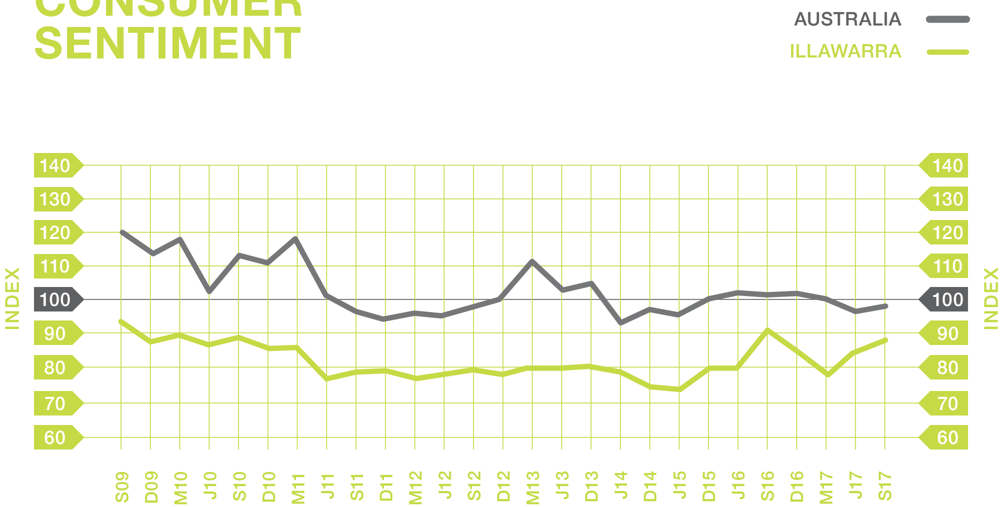


CONSUMER SENTIMENT

Consumer sentiment in the Illawarra saw improvement over the past three months but was down on this time last year.

- The *Illawarra Consumer Sentiment Index* fell 4 pts to 88 pts over the past 12 months. However, this result was 1 pt above the long-term September quarter average and an improvement of 4 pts on the June quarter.
- In quarterly terms, this positive result was driven by improvements in current and future financial position as well as more positive sentiment regarding starting a business and borrowing money.
- Westpac's *Australian Consumer Sentiment Index* was down 3 pts to 98 pts over the year. This result sits 6 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 June 2017.

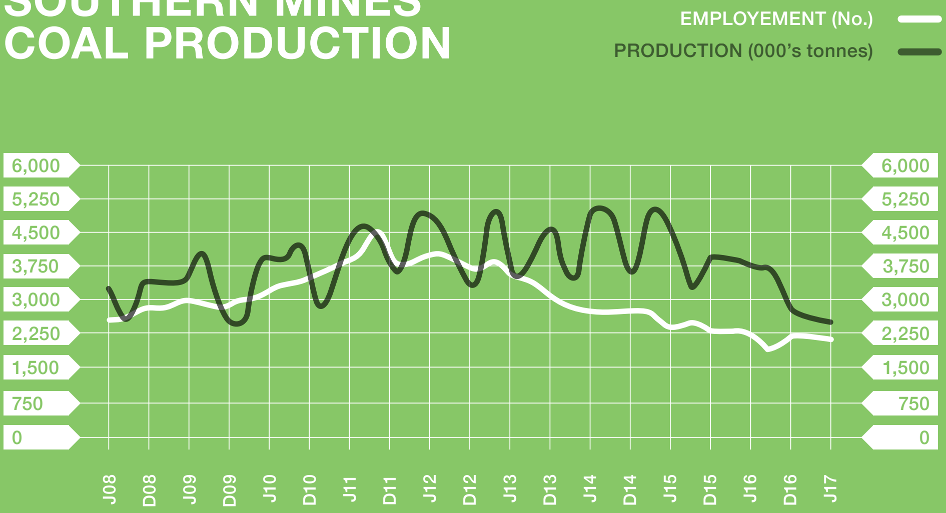
- A total of 12.8 million tonnes was produced, down 15.0% on the year to June 2016. Over the same timeframe average employment declined 7.4% to 2,302.

- As the fall in production was greater than the fall in employment, yearly productivity fell 8.3% to 5,571.4 tonnes per employee.

During the three months to June 2017:

- A total of 2.7 million tonnes was produced, down 4.4% on the March quarter. Average employment was steady at 2,335.
- These results combined to leave quarterly productivity down 4.6% to 1,174.5 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION



TRADE

PORT KEMBLA TRADE

Results for the June quarter contributed to a wider disparity between imports and exports during the past 12 months.

- The year to June saw an 8.5% fall in exports to 12.6 million tonnes.
- Meanwhile, there was an 8.1% lift in imports to 13.8 million tonnes.

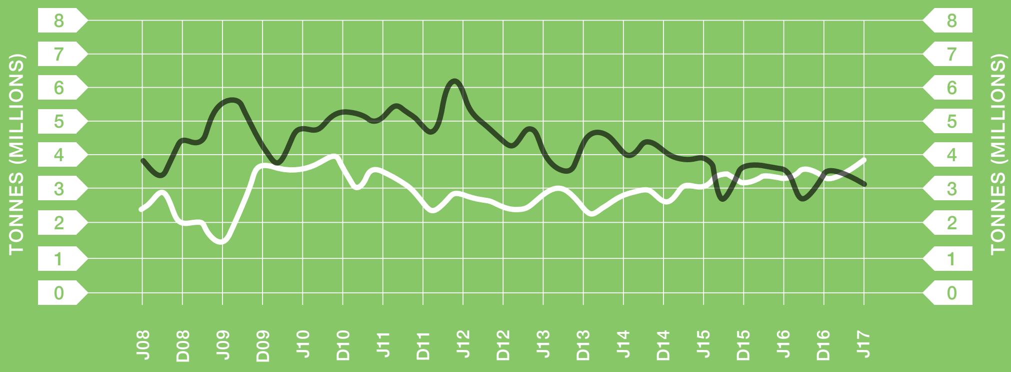
During the three months to June 2017:

- Exports fell 9.4% to 3.1 million tonnes.
- Imports saw an 18.3% upshot to 3.9 million tonnes.

PORT KEMBLA TRADE

TOTAL EXPORTS

TOTAL IMPORTS



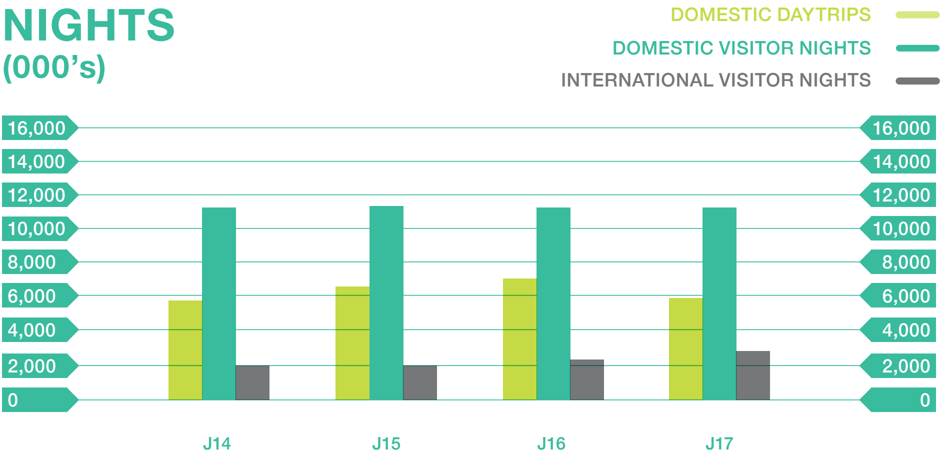
TOURISM

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

- The average daytrip visitor spent $101, up 17.1% on the year to June 2016. However, the number of daytrip visitors to the region fell 16.3% to 5.9 million, leaving daytrip expenditure down 2.0% to $595 million.
- 3.7 million domestic overnight travellers visited the South Coast during the year to June 2017, up 6.4%. These visitors spent 11.4 million nights in the region, up 1.8%. On average, they spent $155 per night (up 22.5%), resulting in a 24.7% boost to domestic overnight expenditure to $1.8 billion.

	Year to June 16	Year to June 17	Change (%)
Domestic Daytrips	7,066	5,911	-16.3
Domestic Visitor Nights	11,218	11,419	1.8
International Visitor Nights	2,306	2,752	19.4

NIGHTS (000's)

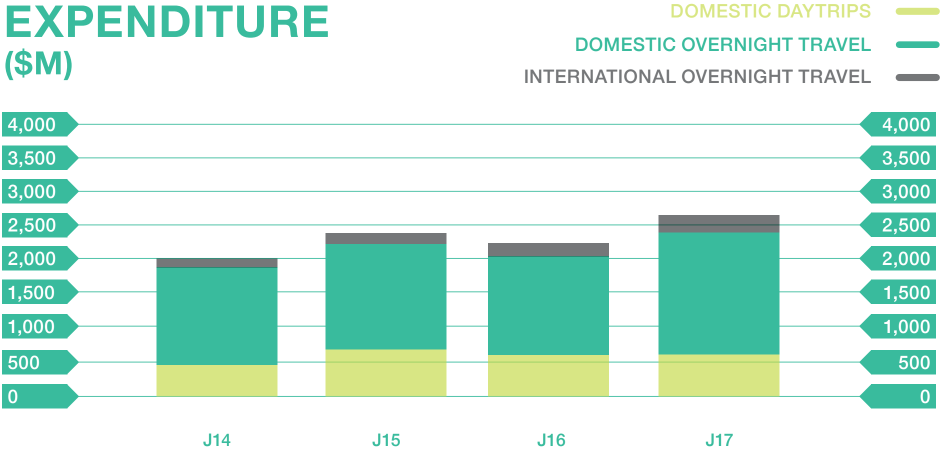


TOURISM

- Over the same timeframe, 174,000 international tourists visited the region, up 30.5% on the year to June 2016. Nights spent in the region increased 19.4% to 2.8 million. International tourists spent $99 per night, up 8.4%. These results combined to leave international overnight expenditure up 29.4% to $272 million.
- Overall, tourism expenditure totalled $2.6 billion, up 17.9% on last year's result ($2.2 billion). Significant growth in domestic and international overnight expenditure compensated for a small decline in daytrip spending.

	Year to June 16	Year to June 17	Change (%)
Domestic Daytrips	607	595	-2.0
Domestic Visitor Nights	1,423	1,774	24.7
International Visitor Nights	210	272	29.4
Total	2,240	2,641	17.9

EXPENDITURE ($M)



LABOUR MARKET

There was lower unemployment in the Illawarra due to a reduction in workforce participation.

- On average, 144,000 persons were employed in the Illawarra, in line with the year to June 2016.
- The local unemployment rate was down 0.5% pts to 5.9%.
- The local participation rate fell 1.4% pts to 60.6%.
- The youth unemployment rate in the Illawarra improved, down 3.0% pts to 12.9%.
- On back of lower unemployment, the average number of persons receiving unemployment benefits was down 5.7% to 8,095.

ISD LABOUR MARKET STATISTICS

YEAR OVER YEAR

	Year to June 16 (Ave.)	Year to June 17 (Ave.)
EMPLOYMENT (000's)	144.5	144
UNEMPLOYMENT RATE (%)	6.4	5.9
PARTICIPATION RATE (%)	62.0	60.6
YOUTH UNEMPLOYMENT RATE (%)	15.9	12.9
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,583	8,095

LABOUR MARKET

Labour market results for the three months to June:

- The average number of employed persons was steady.
- The local unemployment rate was also stable, down 0.1% pts to 5.8%.
- The participation rate in the Illawarra was down 0.3% pts to 59.2%.
- Local youth unemployment was lower, down 1.2% pts to 12.4%.
- The average number of persons receiving unemployment benefits fell 3.0% to 5,616.

ISD LABOUR MARKET STATISTICS
BY QUARTER

	Mar 16 Qtr (Ave.)	June 17 Qtr (Ave.)
EMPLOYMENT (000's)	141.9	141.7
UNEMPLOYMENT RATE (%)	5.9	5.8
PARTICIPATION RATE (%)	59.5	59.2
YOUTH UNEMPLOYMENT RATE (%)	13.6	12.4
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,397	8,133

RENTAL MARKET

Units experienced double the growth in rent compared to houses.

- The median weekly rent price for houses was $530, up 6.0% on the year to June 2016. Over the year the average number of houses advertised per week rose from 26 to 31.
- The median weekly rent price for units lifted 12.2% to $460. The average number of units advertised per week decreased from 35 to 34.

Key results for the three months to June 2017:

- The median house price was up 3.8% to $550 per week while the median unit price was unchanged at $450.
- The average number of weekly rentals advertised decreased from 34 to 33 for houses and increased from 33 to 38 for units.

RENTAL MARKET VALUES

		YEAR TO JUNE 16	YEAR TO JUNE 17	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL ($)	500	530	6.0
	AVERAGE WEEKLY LISTINGS (NO.)	26	31	19.2
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL ($)	270	300	11.1
	AVERAGE WEEKLY LISTINGS (NO.)	4	3	-25.0
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL ($)	380	410	7.9
	AVERAGE WEEKLY LISTINGS (NO.)	18	17	-5.6
UNITS 3BR UNF	MEDIAN WEEKLY RENTAL ($)	520	550	12.2
	AVERAGE WEEKLY LISTINGS (NO.)	11	14	-2.9
UNITS TOTAL	MEDIAN WEEKLY RENTAL ($)	410	460	12.2
	AVERAGE WEEKLY LISTINGS (NO.)	35	34	-2.9

RENTAL MARKET

Selected Areas

Looking at selected areas during the 12 months to June 2017:

- In terms of houses, Bulli/Woonona saw the highest growth in weekly rent, up 8.4% to $620. This was followed by Shellharbour, up 5.8% to $600.
- For units, all areas with the exception of Albion Park to Albion Park Rail and Shellharbour saw double-digit growth with the highest being Bulli/Woonona, up 29.9% to $500.

MEDIAN RENTS FOR SELECTED AREAS

	MEDIAN RENTS FOR SELECTED AREAS	YEAR TO JUNE 16	YEAR TO JUNE 17	YEARLY CHANGE (%)
HOUSES	Austinmer/Thirroul	700	720	2.9
HOUSES	Bulli/Woonona	572	620	8.4
HOUSES	Russell Vale to Fairy Meadow	530	550	3.8
HOUSES	Wollongong to Figtree	550	560	1.8
HOUSES	Unanderra to Mount Kembla	500	500	0.0
HOUSES	Dapto/Kanahooka/Koonawarra	470	495	5.3
HOUSES	Lake Heights to Windang	435	460	5.7
HOUSES	Albion Park to Albion Park Rail	460	470	2.2
HOUSES	Lake Illawarra Sth to Oak Flats	460	480	4.3
HOUSES	Shellharbour	567	600	5.8
HOUSES	Kiama	525	550	4.8
UNITS/FLATS/TOWNHOUSES	Austinmer/Thirroul	505	560	10.9
UNITS/FLATS/TOWNHOUSES	Bulli/Woonona	385	500	29.9
UNITS/FLATS/TOWNHOUSES	Russell Vale to Fairy Meadow	370	420	13.5
UNITS/FLATS/TOWNHOUSES	Wollongong to Figtree	420	480	14.3
UNITS/FLATS/TOWNHOUSES	Unanderra to Mount Kembla	350	410	17.1
UNITS/FLATS/TOWNHOUSES	Dapto/Kanahooka/Koonawarra	380	420	10.5
UNITS/FLATS/TOWNHOUSES	Lake Heights to Windang	290	320	10.3
UNITS/FLATS/TOWNHOUSES	Albion Park to Albion Park Rail	420	420	0.0
UNITS/FLATS/TOWNHOUSES	Lake Illawarra Sth to Oak Flats	360	425	18.1
UNITS/FLATS/TOWNHOUSES	Shellharbour	450	460	2.2
UNITS/FLATS/TOWNHOUSES	Kiama	475	540	13.7

PROPERTY

The property market across the Illawarra continued to strengthen over the year to June 2017.

The median sale price for houses in the WSD rose 10.5% to $630,000. The median price for units was up 12.2% to $505,000 while the median land price surged 14.2% to $370,000.

Looking at the market for houses in the ISD, Wingecarribee LGA recorded the highest growth, up 16.2% to $610,000. This was followed by Shoalhaven LGA (up 15.0% to $460,000).

For units, Kiama LGA saw the highest growth, up 17.2% to $597,500. The next highest result was Shoalhaven LGA, up 14.5% to $377,722.

Due to relatively fewer sales, results for land should be treated with caution. Wollongong LGA increased 37.5% to $385,000 while Shellharbour LGA was 2own 2.3% to $299,800.

MEDIAN PROPERTY VALUES

	YEAR TO JUNE 16	YEAR TO JUNE 17	YEARLY CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	570,000	630,000	10.5
WOLLONGONG LGA	570,000	635,000	11.4
SHELLHARBOUR LGA	515,000	575,000	11.7
KIAMA LGA	750,000	788,500	5.1
SHOALHAVEN LGA	400,000	460,000	15.0
WINGECARRIBEE LGA	525,000	610,000	16.2
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	450,000	505,000	12.2
WOLLONGONG LGA	450,000	505,250	12.3
SHELLHARBOUR LGA	419,500	471,500	12.4
KIAMA LGA	510,000	597,500	17.2
SHOALHAVEN LGA	330,000	377,722	14.5
WINGECARRIBEE LGA		500,000	
LAND			
WOLLONGONG STATISTICAL DISTRICT	324,000	370,000	14.2
WOLLONGONG LGA	280,000	385,000	37.5
SHELLHARBOUR LGA	307,000	299,800	-2.3
KIAMA LGA	380,000	430,000	13.2
SHOALHAVEN LGA	180,000	232,500	29.2
WINGECARRIBEE LGA	275,000	325,000	18.2

PROPERTY

Looking at the June quarter:

- The median sale price for houses in the WSD was relatively steady, up 0.8% to $635,000. The median price for units was up 5.6% to $533,500. The median land price fell 26.0% to $285,000 over the quarter.
- Looking at the ISD housing market, Wingecarribee LGA saw the highest growth, up 4.8% to $660,000. This was followed by Shellharbour LGA, up 4.4% to $595,000.
- For units, Wingecarribee LGA also experienced the highest growth, up 9.9% to $560,500. The next highest was Shellharbour LGA (up 9.6% to $515,000).
- In the market for land, Wingecarribee increased 14.9% to $385,000 over the quarter.

SALES

	YEAR TO JUNE 17		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	2,424	968	218
WOLLONGONG LGA	1,564	738	116
SHELLHARBOUR LGA	637	146	67
KIAMA LGA	223	84	35
SHOALHAVEN LGA	1,748	164	350
WINGECARRIBEE LGA	690	149	210

DWELLING APPROVALS

A positive June quarter did not thwart the downturn in unit approvals over the past 12 months.

- A total of 2,903 dwellings were approved in the Illawarra over the 12 months to June, down 12.8% on the year to June 2016. This consisted of 1,927 houses (up 11.4%) and 976 units, flats and townhouses (down 38.9%).
- Across the WSD, dwelling approvals declined 20.1% to 1,738. While housing approvals lifted 24.2% to 1,033, unit approvals almost halved, down 47.5% to 705.
- Looking at the June quarter, ISD approvals totalled 879, up 57.2% on the March quarter. Approvals for houses rose 34.4% to 539 while unit approvals more than doubled, surging 115.2% to 340.

NUMBER OF DWELLING APPROVALS

DWELLING APPROVALS

DWELLING APPROVALS BY LGA

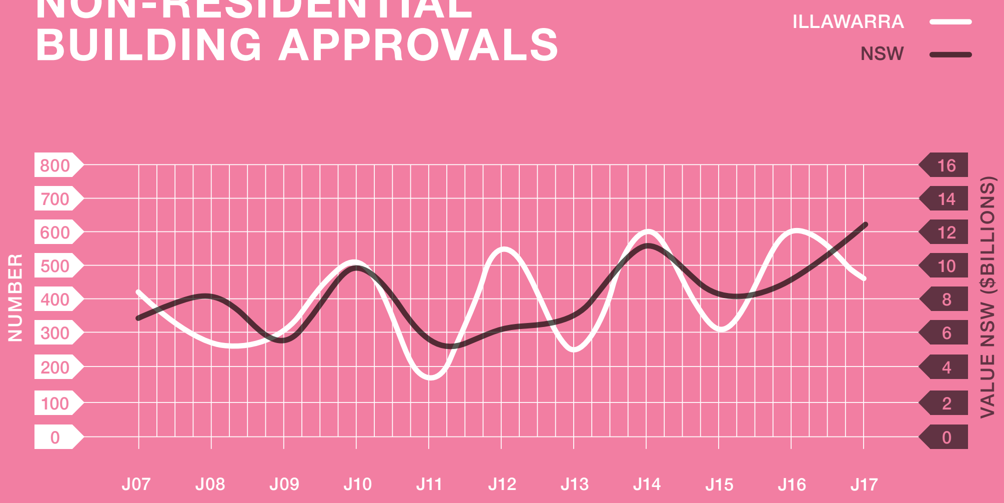
	YEAR TO QUARTER				
	J13	J14	J15	J16	J17
WOLLONGONG LGA	588	783	999	1,391	838
SHELLHARBOUR LGA	374	485	533	487	620
KIAMA LGA	15	61	44	298	280
SHOALHAVEN LGA	584	561	640	708	788
WINGECARRIBEE LGA	142	226	958	444	377

NON-RESIDENTIAL BUILDING APPROVALS

The value of non-residential building approvals in the Illawarra continued to weaken against the concurrent NSW growth trend.

- The value of Illawarra non-residential approvals totalled $469.3 million, down 22.4% on the year to June 2016 ($604.9 million). Both private (down 16.3% to $289.1 million) and public (down 30.5% to $180.2 million) investment contracted over the period.
- 42.3% of the aforementioned ISD investment was generated in the WSD ($198.4 million). Meanwhile, there was $12.5 billion of non-residential approvals during the year in NSW, up 33.5%.
- ISD sectors showing growth include shops (to $99.5 million), hotels (to $42.6 million) and miscellaneous (to $164.0 million). Sectors which saw lower investment include aged care (to $27.6 million), health (to $8.1 million) and education (to $13.6 million).

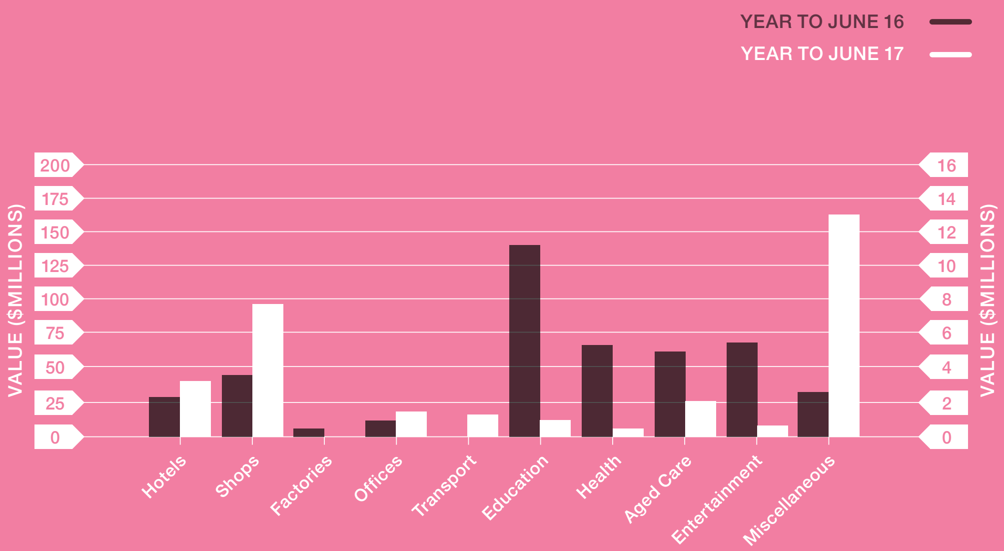
NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS

Key results for the three months to June:

- ISD non-residential approvals lifted 88.9% to $229.1 million. The main drivers of this growth were accommodation, aged care and other non-residential investment.
- 20.5% of the aforementioned ISD investment was generated in the WSD ($47.0 million).



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Survey 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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