

PROFILE ILLAWARRA

DECEMBER 2017



HIGHLIGHTS



- Trading conditions in the December 2017 quarter were strong, with a net 36.4% of Illawarra businesses experiencing higher trading activity.
- Local consumer sentiment increased 2 pts to 87 pts since the December 2016 quarter. Meanwhile, Westpac's *Australian Consumer Sentiment Index* rose 2 pts, now sitting at 103 pts.
- Coal production for the year saw a 21.1% decline to 11.3 million tonnes over the year to September 2017. Average employment fell 7.8% to 2,273, leaving annual productivity down 14.4% to 4,993.4 tonnes per employee.
- Port Kembla saw a 10.4% lift in imports to 14.3 million tonnes while exports declined 20.4% to 10.7 million tonnes.
- Tourism expenditure in the South Coast region experienced significant growth, up 17.8% to \$2.7 billion on the back of stronger domestic and international overnight travel.

ANNUAL STATE OF THE REGION

HOUSE SALES	3,239
UNIT SALES	1,256
LAND LOT SALES	270
UNEMPLOYMENT	5.4%
YOUTH UNEMPLOYMENT	11.3%
EMPLOYED PERSONS	141,500

HIGHLIGHTS



- Illawarra labour force results improved, with the unemployment rate down 1.0% pts to 5.4% over the year to September 2017. Over the same timeframe the youth unemployment rate fell 5.6% to 11.3%.
- From an investor's perspective, the rental market improved over the year with the median Wollongong Statistic District (WSD) weekly rent price up 3.8% to \$540 for houses and up 6.8% to \$470 for units.
- The WSD property market continued to strengthen with the median sale price for houses up 13.2% to \$645,000 (3,239 sales) and for units up 7.8% to \$525,000 (1,356 sales).
- There was a fall in total dwelling approvals over the year to September 2017 (down 13.2% to 3,016). This was primary due to unit approvals declining 19.4% to 1,260. Meanwhile, approvals for houses fell 8.1% to 1,756.
- The value of non-residential approvals in the Illawarra over the past 12 months totalled \$502.5 million, up 23.1% on the previous year. 44.6% of this investment was generated in the WSD.

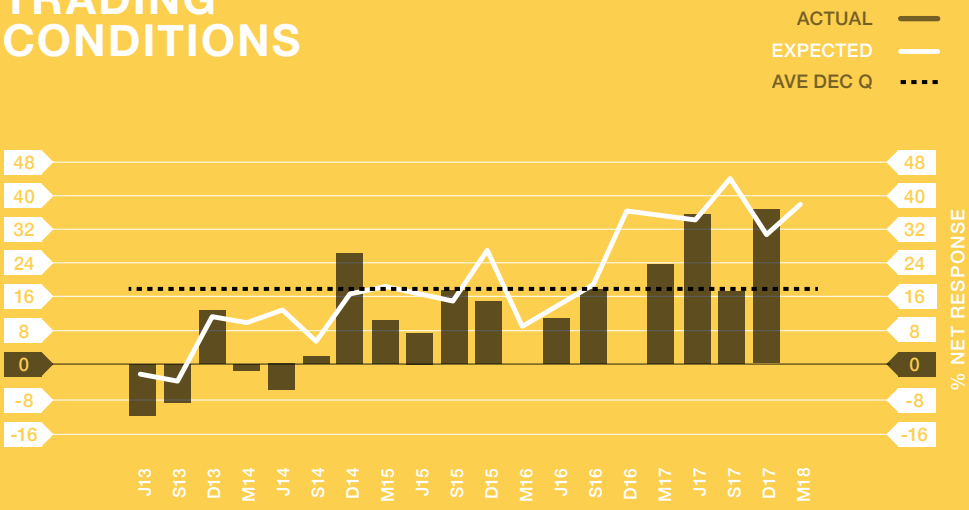
TONNES OF COAL	11.3 MILLION
TONNES OF EXPORTS	10.7 MILLION
TONNES OF IMPORTS	14.3 MILLION
DOMESTIC VISITOR NIGHTS	11.8 MILLION
NON-RES BUILDING APPROVALS	\$502.5 MILLION

TRADING CONDITIONS

Trading activity in the December 2017 quarter doubled the long-term average.

- 36.4% (net) of Illawarra businesses reported higher trading activity during the December 2017 quarter. This result has rebounded 19.3% pts since the September 2017 quarter. Furthermore, this level of trading activity sits 18.8% pts above the long-term average for the December quarter.
- Local firms are expecting another strong quarter with a net 37.5% anticipating higher trading activity in the March 2018 quarter. This is 22.6% pts above the long-term expectation level for the quarter.

TRADING CONDITIONS



CONSUMER SENTIMENT

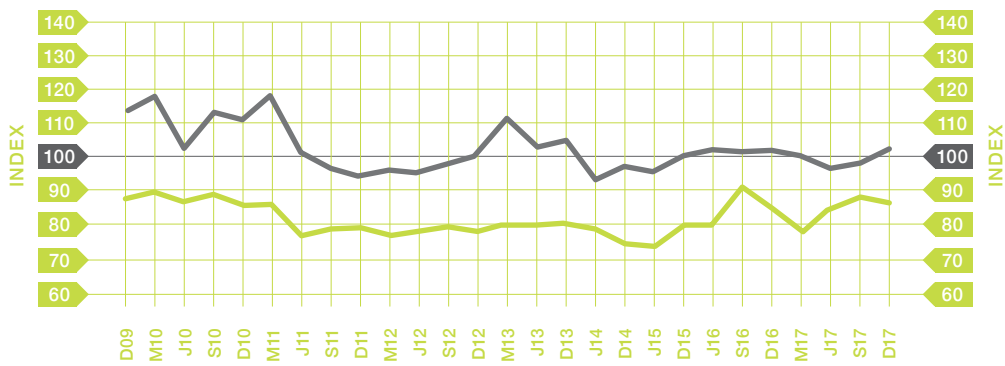


Consumer sentiment in the Illawarra improved over the past 12 months.

- The *Illawarra Consumer Sentiment Index* rose 2 pts to 87 pts since the December 2016 quarter. This result sits 1 pt above the long-term December quarter average but represents a fall of 1 pt from the September 2017 quarter.
- This was driven by stronger consumer sentiment regarding major financial decision making such buying a vehicle and purchasing property as well as improved perception regarding national economic conditions.
- Westpac's *Australian Consumer Sentiment Index* also increased 2 pts since the December 2016 quarter, now sitting at 103 pts. Compared to the September 2017 quarter, this is a gain of 5 pts.

CONSUMER SENTIMENT

AUSTRALIA —
ILLAWARRA —



TRADE



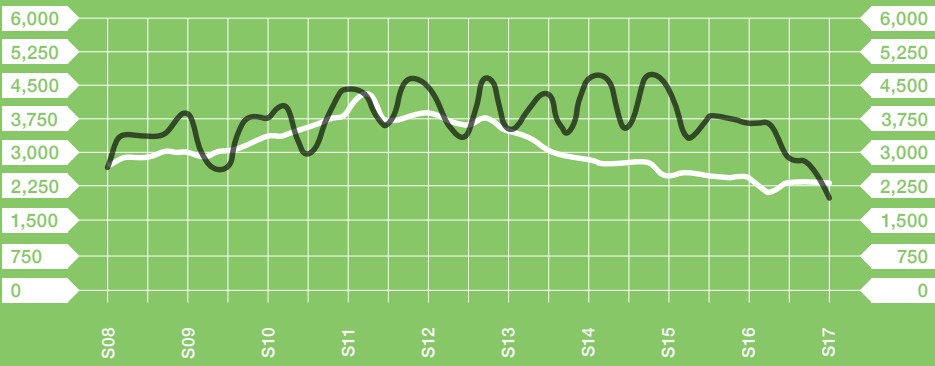
SOUTHERN MINES COAL PRODUCTION

There was a sharp fall in production during the year to September 2017, leading to lower annual productivity.

- A total of 11.3 million tonnes was produced, a 21.1% contraction compared to the year to September 2016. Over the same timeframe average employment fell 7.8% to 2,273.
- As the fall in production was more substantial than the fall in employment, yearly productivity was down 14.4% to 4,993.4 tonnes per employee.
- During the three months to September 2017:
 - A total of 2.1 million tonnes was produced, down 22.4% on the June 2017 quarter. Average employment was down 1.4% to 2,303.
 - These results combined to leave quarterly productivity down 21.4% to 923.7 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION

EMPLOYEMENT (No.) —
PRODUCTION (000's tonnes) —



TRADE



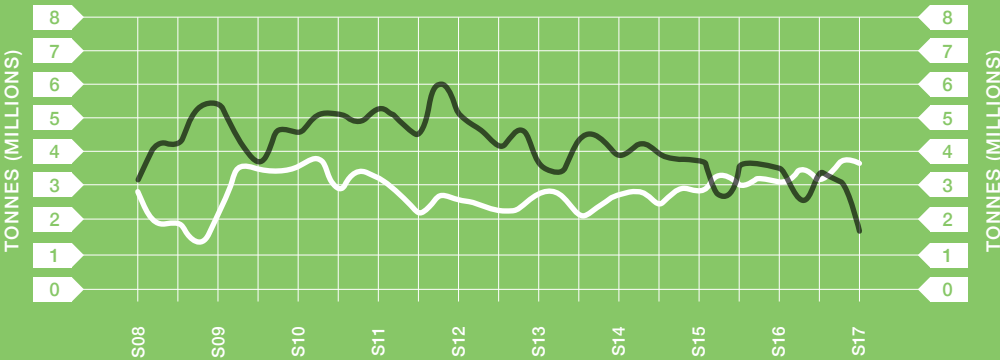
PORT KEMBLA TRADE

There was a significant negative trade balance during the September 2017 quarter.

- The year to September 2017 saw a 20.4% slump in exports to 10.7 million tonnes.
- There was a 10.4% lift in imports to 14.3 million tonnes over the same period.
- During the three months to September 2017:
 - Exports almost halved, down 45.6% to 1.7 million tonnes.
 - Imports saw a 4.6% fall to 3.7 million tonnes over the September 2017 quarter.

PORT KEMBLA TRADE

TOTAL EXPORTS —
TOTAL IMPORTS —



TOURISM

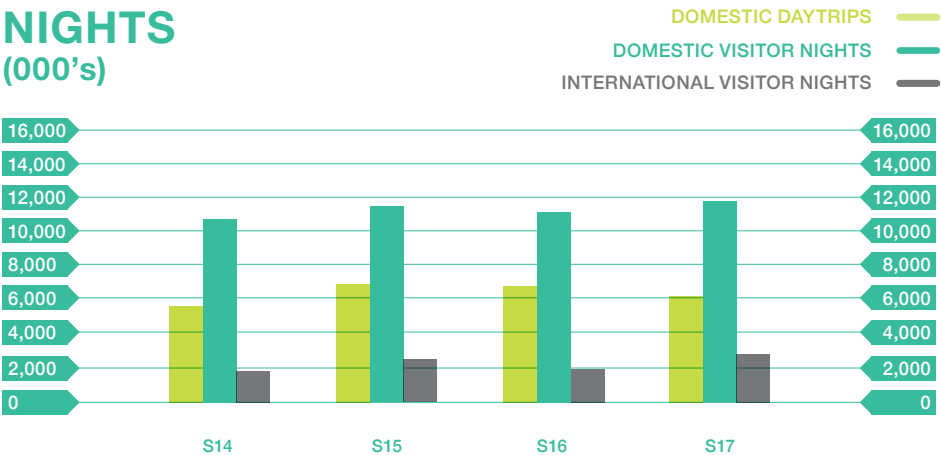


The latest data from Destination NSW for the South Coast region shows that tourism expenditure surged on the back of strong growth in domestic and international overnight travel.

- The average daytrip visitor spent \$95, up 3.0% on the year to September 2016. However, the number of daytrip visitors fell 8.9% to 6.2 million, leaving daytrip expenditure down 6.2% to \$592 million.
- 3.8 million domestic overnight travellers visited the region during the year to September 2017, up 7.7%. These visitors spent 11.8 million nights in the region, up 5.9%. There was a 17.8% boost to average per night spend to \$155, leaving total domestic overnight expenditure up 24.7% to \$1.8 billion.

	Year to Sep 16	Year to Sep 17	Change (%)
Domestic Daytrips	6,850	6,239	-8.9
Domestic Visitor Nights	11,127	11,782	5.9
International Visitor Nights	2,121	2,753	29.8

NIGHTS (000's)



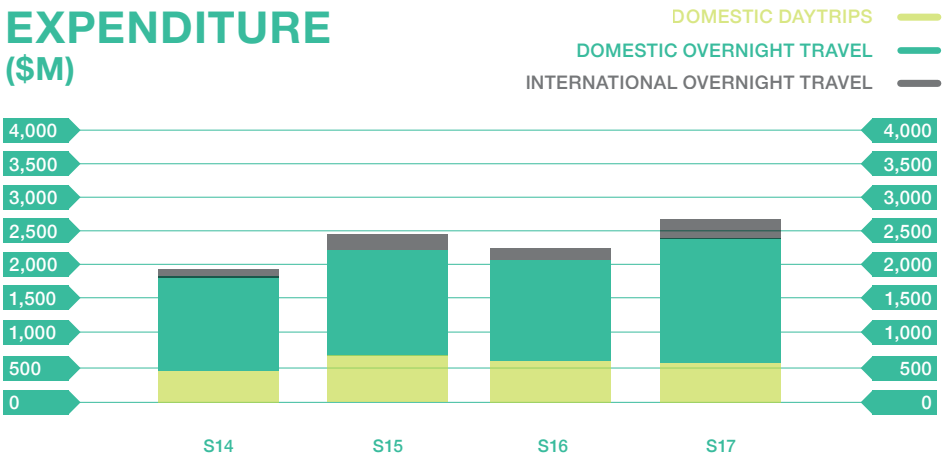
TOURISM



- Over the same timeframe, 171,900 international tourists visited the South Coast, up 23.2% on the previous year. Furthermore, nights spent in the region lifted 29.8% to 2.8 million and average spend per night was up 10.6% to \$101, resulting in international expenditure strengthening 43.5% to \$279 million.
- Overall, tourism expenditure totalled \$2.7 billion, up 17.8% on the previous year (\$2.3 billion). Growth in domestic and international overnight spending compensated for the decline in daytrip spending.

	Year to Sep 16	Year to Sep 17	Change (%)
Domestic Daytrips	631	592	-6.2
Domestic Visitor Nights	1,461	1,822	24.7
International Visitor Nights	194	279	43.5
Total	2,286	2,693	17.8

EXPENDITURE (\$M)



LABOUR MARKET



Illawarra unemployment improved despite fewer employed persons due to a reduction in workplace participation. Youth unemployment also saw a positive change.

- On average, 141,500 persons were employed in the Illawarra, down 2.0% on the year to September 2016.
- The local unemployment rate was down 1.0% pts to 5.4% over the period.
- The participation rate in the Illawarra fell 2.6% pts to 60.0%, which explains why the unemployment rate decreased despite a fall in the number of employed persons.
- The youth unemployment saw significant fluctuation, down 5.6% pts to 6.9%.
- The average number of persons receiving unemployment benefits fell 1.5% to 8,007.

ISD LABOUR MARKET STATISTICS YEAR OVER YEAR

	Year to Sep 16 (Ave.)	Year to Sep 17 (Ave.)
EMPLOYMENT (000's)	144.3	141.5
UNEMPLOYMENT RATE (%)	6.4	5.4
PARTICIPATION RATE (%)	62.6	60.0
YOUTH UNEMPLOYMENT RATE (%)	16.9	11.3
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,335	8,108

LABOUR MARKET



Labour market results for the
three months to September 2017.

- The average number of employed persons increased 2.1% to 142,700.
- The unemployment rate in the Illawarra decreased 1.3% pts to 4.5%.
- The local participation rate was relatively steady, up 0.3% pts to 59.7%.
- The youth unemployment saw significant fluctuation, down 5.6% pts to 6.9%.
- The average number of persons receiving unemployment benefits fell 1.5% to 8,007.

Note: The Department of Social Services now publishes statistics related to unemployment benefit recipients by SA3 (ABS classification) instead of service centre. ISD unemployment benefit recipients are now calculated as the sum of recipients from Dapto – Port Kembla (SA3), Kiama – Shellharbour (SA3), Shoalhaven (SA3), Southern Highlands (SA3) and Wollongong (SA3).

ISD LABOUR MARKET STATISTICS BY QUARTER

	Jun 17 Qtr (Ave.)	Dec 17 Qtr (Ave.)
EMPLOYMENT (000's)	139.8	142.7
UNEMPLOYMENT RATE (%)	5.7	4.5
PARTICIPATION RATE (%)	59.4	59.7
YOUTH UNEMPLOYMENT RATE (%)	12.5	6.9
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,133	8,007

RENTAL MARKET



Growth in rent for units outpaced growth in rent for houses over the past 12 months.

- The median rent price for houses was \$540 per week, up 3.8% on the year to September 2016. Over the year the average number of houses advertised per week rose from 25 to 32.
- The median weekly rent price for units was up 6.8% to \$470. The average number of units advertised per week increased from 31 to 36.
- Key results for the three months to September:
 - The median weekly rent price for houses was down 1.8% to \$540 while the median weekly unit price rose 4.4% to \$470.
 - The average number of weekly rentals advertised decreased from 33 to 30 for houses and increased from 38 to 39 for units.

RENTAL MARKET VALUES

		YEAR TO SEP 16	YEAR TO SEP 17	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	520	540	3.8
	AVERAGE WEEKLY LISTINGS (NO.)	25	32	28.0
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	285	310	8.8
	AVERAGE WEEKLY LISTINGS (NO.)	3	3	0.0
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	400	420	5.0
	AVERAGE WEEKLY LISTINGS (NO.)	16	18	12.5
UNITS 3BR UNF	MEDIAN WEEKLY RENTAL (\$)	520	550	5.8
	AVERAGE WEEKLY LISTINGS (NO.)	11	14	27.3
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	440	470	6.8
	AVERAGE WEEKLY LISTINGS (NO.)	31	36	16.1

RENTAL MARKET

Selected Areas

Looking at
selected areas:

- For houses, Lake Heights to Windang saw the highest growth in weekly rent, up 9.5% to \$482. This was followed by Shellharbour, up 7.1% to \$600.
- Lake Heights to Windang also saw the highest growth in weekly rent for units, up 15.3% to \$340. This was followed by Kiama, up 8.0% to \$540.

MEDIAN RENTS FOR SELECTED AREAS

YEAR TO
SEP
16

YEAR TO
SEP
17

YEARLY
CHANGE
(%)

HOUSES	Austinmer/Thirroul	805	700	-13.0	HOUSES
	Bulli/Woonona	620	650	4.8	
	Russell Vale to Fairy Meadow	550	550	0.0	
	Wollongong to Figtree	540	570	5.6	
	Unanderra to Mount Kembla	500	500	0.0	
	Dapto/Kanahooka/Koonawarra	490	500	2.0	
	Lake Heights to Windang	40	482	9.5	
	Albion Park to Albion Park Rail	480	480	0.0	
	Lake Illawarra Sth to Oak Flats	480	480	0.0	
	Shellharbour	560	600	7.1	
UNITS/FLATS/TOWNHOUSES	Kiama	555	550	-0.9	UNITS/FLATS/TOWNHOUSES
	Austinmer/Thirroul	550	555	0.9	
	Bulli/Woonona	480	500	4.2	
	Russell Vale to Fairy Meadow	420	430	2.4	
	Wollongong to Figtree	450	480	6.7	
	Unanderra to Mount Kembla	410	415	1.2	
	Dapto/Kanahooka/Koonawarra	422	420	-0.5	
	Lake Heights to Windang	295	340	15.3	
	Albion Park to Albion Park Rail	430	420	-2.3	
	Lake Illawarra Sth to Oak Flats	400	410	2.5	
UNITS/FLATS/TOWNHOUSES	Shellharbour	500	460	-8.0	UNITS/FLATS/TOWNHOUSES
	Kiama	500	540	8.0	

PROPERTY



The property market generally strengthened across the Illawarra over the year to September 2017.

- The median sale price for houses in the WSD appreciated 13.2% to \$645,000. The median sale price for units increased 7.8% to \$525,000 while the median land price grew 4.6% to \$376,500.
- Looking at the market for houses, Shellharbour LGA experienced the highest growth, up 20.0% to \$600,000. This was followed by Wingecarribee LGA, up 17.0% to \$620,000.
- For units, Shoalhaven LGA recorded the highest growth, up 17.0% to \$385,000. This was followed by Kiama LGA, up 10.4% to \$629,000.
- Results for land were mixed due to relatively fewer sales. Shoalhaven LGA saw the highest growth, up 27.5% to \$255,000.

MEDIAN PROPERTY VALUES

	YEAR TO SEP 16	YEAR TO SEP 17	YEARLY CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	570,000	645,000	13.2
WOLLONGONG LGA	575,000	650,000	13.0
SHELLHARBOUR LGA	500,000	600,000	20.0
KIAMA LGA	725,000	794,500	9.6
SHOALHAVEN LGA	410,000	479,000	16.8
WINGECARRIBEE LGA	530,000	620,000	17.0
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	487,000	525,000	7.8
WOLLONGONG LGA	485,000	525,250	8.3
SHELLHARBOUR LGA	445,000	490,000	10.1
KIAMA LGA	570,000	629,000	10.4
SHOALHAVEN LGA	329,000	385,000	17.0
WINGECARRIBEE LGA	590,000	500,000	-15.3
LAND			
WOLLONGONG STATISTICAL DISTRICT	360,000	376,500	4.6
WOLLONGONG LGA	349,950	385,000	10.0
SHELLHARBOUR LGA	322,000	302,500	-6.1
KIAMA LGA	390,000	427,500	9.6
SHOALHAVEN LGA	200,000	255,000	27.5
WINGECARRIBEE LGA	350,000	340,000	-2.9

PROPERTY



Results for the September 2017 quarter:

- The median sale price for houses in the WSD rose 1.6% to \$644,990 over the quarter while the median sale price for units increased 1.2% to \$540,000.
- In the housing market, Wollongong LGA saw the highest quarterly growth, up 6.1% to \$650,000.
- For units, Kiama LGA was up 22.6% to \$740,000.
- Quarterly results for land are not reported to due to a low number of sales.

SALES

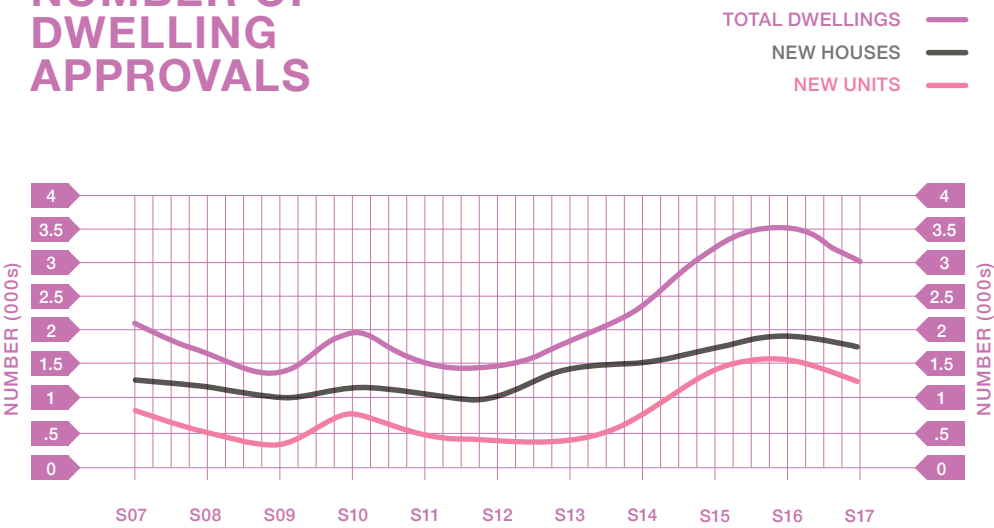
	YEAR TO SEP 17		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	3,239	1,356	270
WOLLONGONG LGA	2,117	1,050	162
SHELLHARBOUR LGA	842	205	76
KIAMA LGA	280	101	32
SHOALHAVEN LGA	2,087	184	398
WINGECARRIBEE LGA	625	119	210

DWELLING APPROVALS

The downturn in unit approvals over the past 12 months continued despite a significant quarterly increase.

- A total of 3,016 dwellings were approved in the Illawarra over the year to September 2017, down 13.2% on the year to September 2016. This consisted of 1,756 houses (down 8.1%) and 1,260 units, flats and townhouses (down 19.4%).
- Across the WSD, dwelling approvals weakened 19.7% to 1,853. This was driven by a 30.5% slump in unit approvals to 930 while housing approvals for housing approvals fell 4.8% to 923.
- Looking at the September 2017 quarter:
 - ISD approvals totalled 928, up 5.6% on the June quarter. There was a sharp increase in unit approvals, up 51.8% to 516 while approvals for houses dropped 23.6% to 412.

NUMBER OF DWELLING APPROVALS



DWELLING APPROVALS



DWELLING APPROVALS BY LGA

	YEAR TO QUARTER				
	S13	S14	S15	S16	S17
WOLLONGONG LGA	681	793	1,025	1,437	973
SHELLHARBOUR LGA	394	520	553	515	599
KIAMA LGA	22	53	50	357	281
SHOALHAVEN LGA	592	615	642	691	821
WINGECARRIBEE LGA	130	344	902	473	342

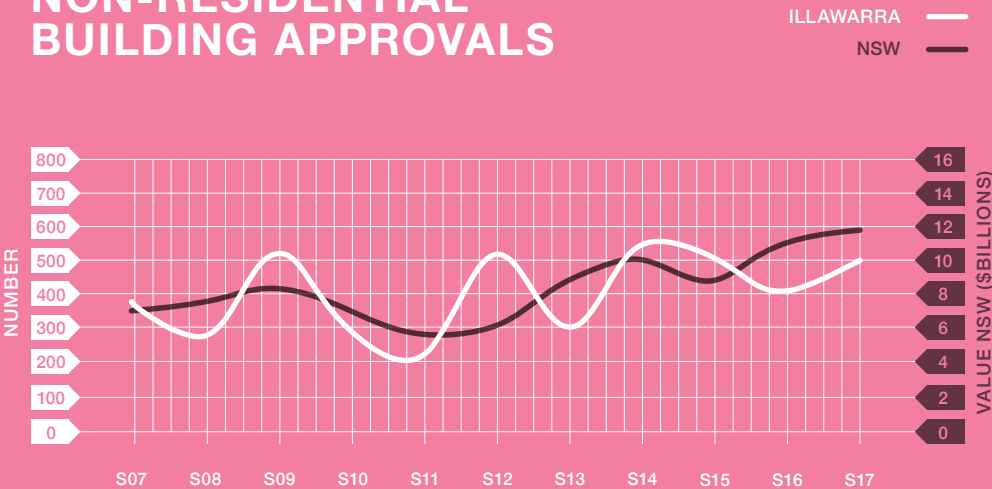
NON-RESIDENTIAL BUILDING APPROVALS



The value of non-residential buildings approvals in the Illawarra rebounded over the past 12 months.

- The value of Illawarra non-residential approvals totalled \$502.5 million, up 23.1% on the year to September 2016 (\$408.3 million). Both private (up 27.1% to \$320.9 million) and public (up 16.6% to \$181.6 million) investment surged during the period.
- 44.6% of the aforementioned ISD investment was generated in the WSD (\$224.2 million). Meanwhile, there was \$11.9 billion of non-residential approvals during the year in NSW, up 7.2%.
- ISD sectors showing growth include shops (to \$118.8 million), hotels (to \$41.1 million), offices (to \$29.2 million) and miscellaneous (to \$158.6 million). Sectors which saw lower investment aged care (to \$27.1 million), entertainment (to \$27.5 million).

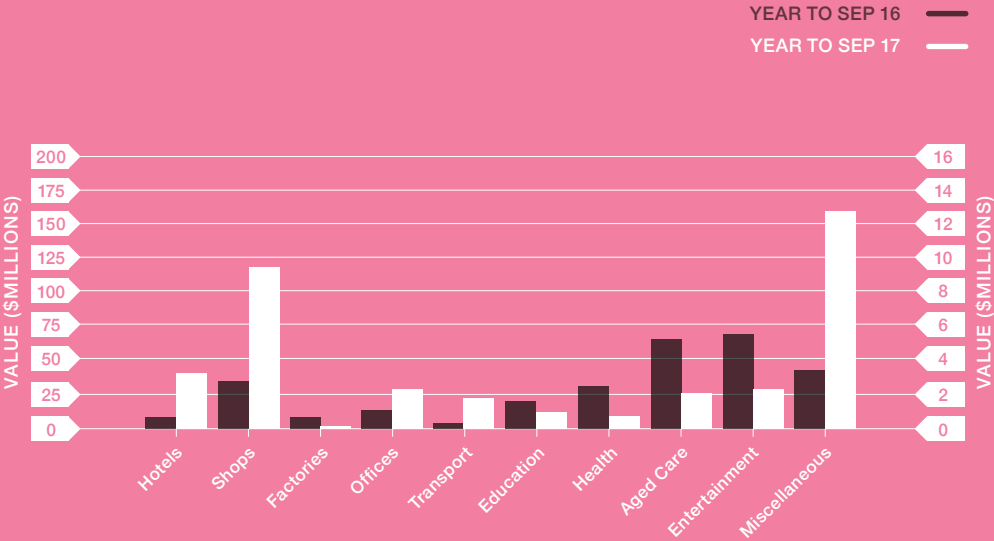
NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS

Key results for the three months to September:

- ISD non-residential approvals fell 64.2% to \$82.1 million after an unusually high June quarter result (\$229.1 million).
- 68.5% of the aforementioned ISD investment was generated the in WSD (\$56.2 million).





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Survey Notes

The Profile Illawarra Report is produced quarterly by IRIS 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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