

REAL ESTATE REPORT

DECEMBER 2017





SUMMARY

- Median purchase prices in the Wollongong Statistical District (WSD) strengthened over the 12 months to September 2017, with the median sale price for houses rising 13.2% to \$645,000 while the median unit price increased 7.8% to \$525,000. The median land price lifted 4.6% to \$376,500.
- In the rental market, the median weekly price for units lifted 6.8% to \$470. Meanwhile, the weekly price for houses increased 3.8% to \$540.
- Looking at the commercial building sector, the value of non-residential building approvals fell 22.9% to \$224.2 million. Across the wider Illawarra Statistical District (ISD), the value of non-residential approvals increased 23.1% to \$502.5 million due to strong investment in Shoalhaven LGA (\$189.1 million) over the year.
- The number of WSD dwelling approvals fell 19.7% to 1,853 over the year on the back of a 30.5% contraction in the number of unit approvals to 930. Over the same timeframe ISD dwelling approvals were down 13.2% to 3,016.

SUMMARY

WOLLONGONG STATISTICAL DISTRICT		YR TO S16	YR TO S17	CHANGE (%)
Median House Price (\$)		570,000	645,000	13.2
Median Flat/unit Price (\$)		487,000	525,000	7.8
Median Land Price (\$)		360,000	376,500	4.6
Median Weekly Rent Houses (\$)		520	540	3.8
Median Weekly Rent Units (\$)		440	470	6.8
Non-res Building (\$m)		290.7	224.2	-22.9
Dwelling Approvals (No.)		2,309	1,853	-19.7
ILLAWARRA STATISTICAL DISTRICT				
Non-res Building (\$m)		408.3	502.5	23.1
Dwelling Approvals (No.)		3,473	3,016	-13.2



WOLLONGONG STATISTICAL DISTRICT

The median land price in the WSD
skyrocketed after a low June quarter result.

- The median house price increased 1.6% to \$644,990.
- The median unit price was up 1.2% to \$540,000.
- The median land price rose 39.5% to \$397,475.

WOLLONGONG STATISTICAL DISTRICT	JUN 17 QTR	SEP 17 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	635,000	644,990	1.6
Median Flat/unit Price (\$)	533,500	540,000	1.2
Median Land Price (\$)*	285,000	397,475	39.5

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

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



HOUSING PRICES

There was strong growth in the median sale price for houses in the Illawarra during the year to September 2017.

- Shellharbour LGA experienced the highest growth in median sale price, up 20.0% to \$600,000. This was followed by Wingecarribee LGA (up 17.0% to \$620,000).

- Kiama LGA saw the lowest growth, up 9.6% to \$794,500.

Results for the September quarter:

- Wollongong LGA saw the highest quarterly growth, up 6.1% to \$650,000. This was followed by Shellharbour LGA, up 4.6% to \$622,500.
- Wingecarribee LGA (down 7.6% to \$610,000) and Kiama LGA (down 7.4% to \$750,000) contracted after high June quarter results.

FLAT/UNIT PRICES

With the exception of Wingecarribee LGA, median unit prices increased across the ISD.

- Shoalhaven LGA saw the highest growth, up 17.0% to \$385,000. This was followed by Kiama LGA (up 10.4% to \$629,000).

- Wingecarribee LGA fell 15.3% to \$500,000. This was due to an unusually high September 2016 result and does not reflect the long-term trend.

Results for the three months to September:

- Median sale price for units in Kiama LGA jumped 22.6% to \$740,000.
- Wingecarribee LGA (down 8.1% to \$515,000), Shellharbour LGA (down 6.8% to \$480,000) and Shoalhaven LGA (down 3.6% to \$356,500) were down over the quarter.

LAND PRICES

Median land prices saw mixed results.

- The median land price for Shoalhaven LGA rose 27.5% to \$255,000. Wollongong LGA saw the next highest growth, up 10.0% to \$385,000.

- Shellharbour LGA was down 6.1% to \$302,500.

Quarterly results for land prices are not reported due to a low number of sales

HOUSE PRICES

	YR TO S16	YR TO S17	CHANGE (%)
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

FLAT/UNIT PRICES

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 PRICES*

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

Source: IRIS/Valuer General's Land and Housing Database
*Result should be treated with caution due to a relatively low number of sales.

HOUSE PRICES

	YR TO S17	YR TO S17	CHANGE (%)
Austinmer/Thirroul	931,000	1,052,500	13.0
Bulli/Woonona	770,000	900,000	16.9
Russell Vale to Fairy Meadow	690,000	775,000	12.3
Wollongong to Figtree	690,000	723,500	4.9
Unanderra to Mt Kembla	537,500	603,250	12.2
Dapto/Kanahooka/Koonawarra	480,000	560,000	16.7
Lake Heights to Windang	402,500	523,500	30.1
Lake Illawarra Sth to Oak Flats	450,000	560,000	24.4
Shellharbour	712,450	783,750	10.0
Kiama	669,000	777,500	11.2

FLAT/UNIT PRICES

Bulli/Woonona	477,500	630,000	31.9
Russell Vale to Fairy Meadow	442,500	530,000	19.8
Wollongong to Figtree	487,500	515,000	5.6
Dapto/Kanahooka/Koonawarra	515,000	464,000	-9.9
Lake Illawarra Sth to Oak Flats	347,500	466,000	34.1
Shellharbour	455,000	527,000	15.8
Kiama	557,500	629,500	12.9

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

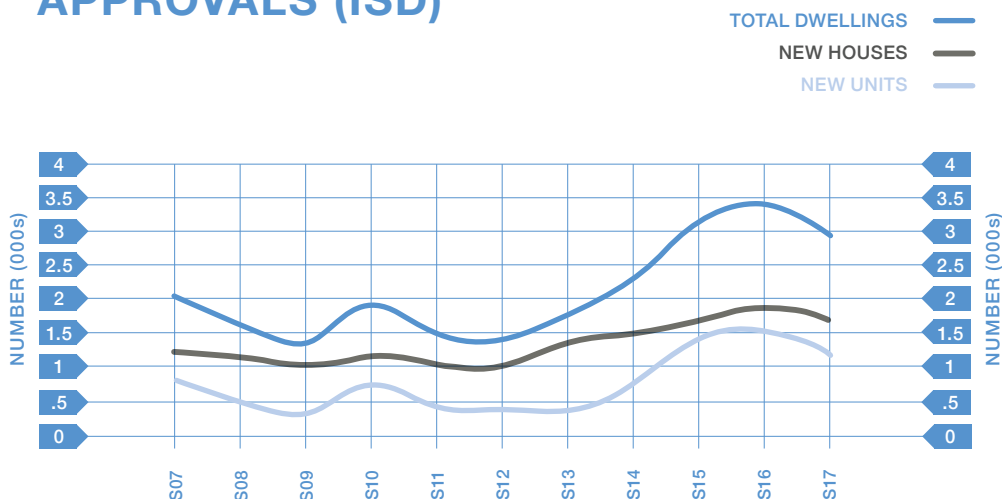


RESIDENTIAL BUILDING APPROVALS

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 fell 4.8% to 923.
- Looking at the September 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 (ISD)



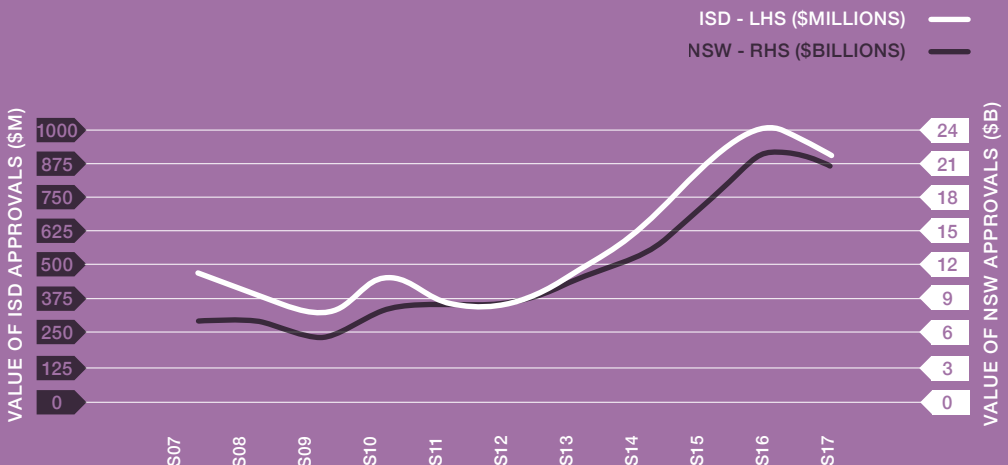


COST OF RESIDENTIAL BUILDING APPROVALS

The value of ISD residential building approvals weakened due to the downturn in unit approvals over the past 12 months.

- The value of dwelling approvals in the Illawarra was down 9.8% to \$897.3 million over the year to September 2017. This was driven by a 22.3% fall in the value of unit approvals to \$317.5 million. The value of approvals in NSW also declined but to a lesser extent, down 4.9% to \$20.8 billion.
- Across the WSD, the value of residential building approvals fell 15.5% to \$558.5 million over the year to September 2017. The value of housing approvals was up 2.8% to \$316.8 million while the value of unit approvals slumped 31.5% to \$241.7 million.
- ISD results for the September quarter were positive compared to the June quarter. The value of dwelling approvals increased 16.4% to \$292.5 million on the back of a 94.6% lift in the value of unit approvals to \$153.0 million. Meanwhile, WSD results were up 28.8% to \$189.0 million. The value of approvals for NSW strengthened 23.2% to \$6.2 billion during the September quarter.

VALUE OF DWELLING APPROVALS





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%.

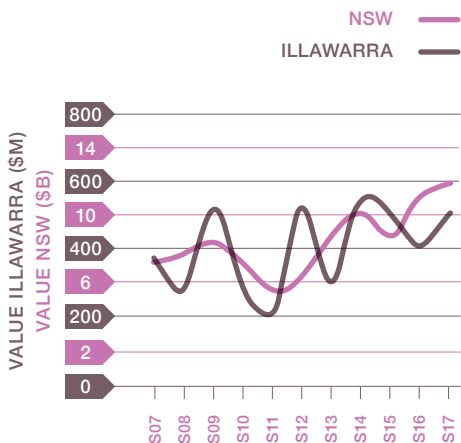
ISD sectors showing growth include shops (to \$118.8 million), hotels (to \$41.1 million), offices (to \$29.2 million) and miscellaneous (to \$158.6 million). Sectors which saw lower investment aged care (to \$27.1 million), entertainment (to \$27.5 million).

Key results for the three months to September:

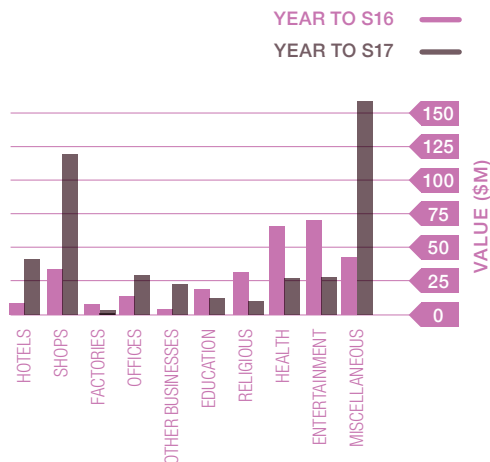
ISD non-residential approvals fell 64.2% to \$82.1 million after an unusually high June quarter result (\$229.1 million).

68.5% of the aforementioned ISD investment was generated in the WSD (\$56.2 million).

VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR





BORROWING COSTS

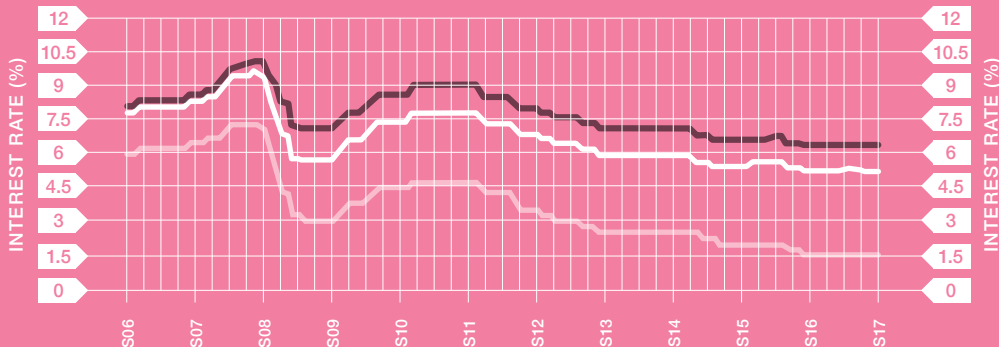
The housing loan variable rate decreased during the September quarter.

- The Reserve Bank has kept the cash rate at 1.50% since August 2016.
- The housing loan variable rate decreased 5 basis points in July, now sitting at 5.20%. The small business term rate was unchanged as 6.45% over the quarter.
- Despite low interest rates there was a 13.2% fall in the total number of dwelling approvals in the ISD to 3,016 over the year to September 2017.

Source: IRIS/ABS Building Approval Statistics

BUSINESS FINANCING COSTS

CASH RATE
HOUSING LOAN VARIABLE RATE
SMALL BUSINESS TERM RATE



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.

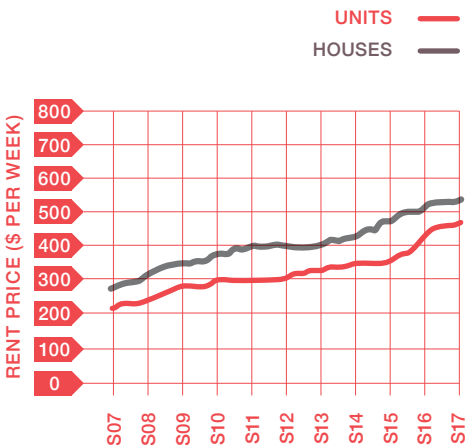
- The median weekly rent price for units was up 6.8% to \$470. The average number of units advertised per week increased from 31 to 36.

Key results for the three months to September:

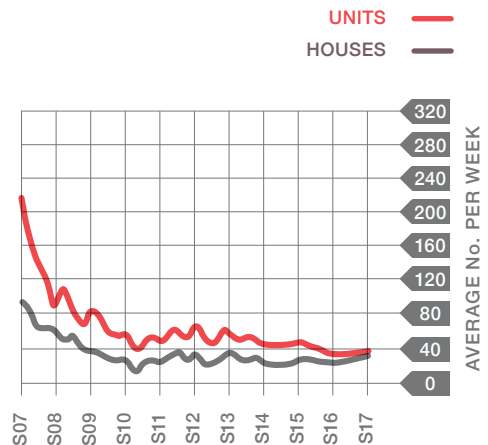
- The median weekly rent price for houses was down 1.8% to \$540 while the median weekly unit price rose 4.4% to \$470.
- The average number of weekly rentals advertised decreased from 33 to 30 for houses and increased from 38 to 39 for units.

Source: IRIS/Illawarra Mercury Housing Database

RENT PRICE (WSD)



RENTAL LISTING (WSD)





RENTAL RETURN ON INVESTMENT

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

- Lake Heights to Windang (4.8%) saw the highest RROI, followed by Dapto/Kanahooka/Koonawarra (4.6%) and Lake Illawarra South to Oak Flats (4.5%).
- Austinmer/Thirroul (3.5%) recorded the lowest yield due to the relatively high median house price in the area.

In the rental market for flats/units:

- Wollongong to Figtree (4.8%) recorded the highest RROI, followed by Dapto/Kanahooka/Koonawarra (4.7%) and Lake Illawarra South to Oak Flats (4.6%).
- Bulli/Woonona saw the lowest yield at 4.1%.

HOUSE RENTAL PRICES		YR TO \$16	YR TO \$17	RROI (%)
Austinmer/Thirroul		805	700	3.5
Bulli/Woonona		620	650	3.8
Russell Vale to Fairy Meadow		550	550	3.7
Wollongong to Figtree		540	570	4.1
Unanderra to Mt Kembla		500	500	4.3
Dapto/Kanahooka/Koonawarra		490	500	4.6
Lake Heights to Windang		440	482	4.8
Lake Illawarra Sth to Oak Flats		480	480	4.5
Shellharbour		560	600	4.0
Kiama		555	550	3.7
FLAT/UNIT RENTAL PRICES		YR TO \$16	YR TO \$17	RROI (%)
Bulli/Woonona		480	500	4.1
Russell Vale to Fairy Meadow		420	430	4.2
Wollongong to Figtree		450	480	4.8
Dapto/Kanahooka/Koonawarra		422	420	4.7
Lake Illawarra Sth to Oak Flats		400	410	4.6
Shellharbour		500	460	4.5
Kiama		500	540	4.5

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



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Survey 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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