

PROFILE ILLAWARRA

DECEMBER 2018



HIGHLIGHTS



- Trade in the Illawarra was positive with a net 34.6% of Illawarra businesses reporting higher trading activity.
- The *Illawarra Consumer Sentiment Index* increased 2 pts to 89 pts over the year to December 2018. Meanwhile, Westpac's *Australian Consumer Sentiment Index* was up 1 pt to 104 pts.
- Coal production increased 0.8% to 11.4 million tonnes over the year to September 2018. Average employment was up 6.7% to 2,428, leaving productivity down 5.5% to 4,710.9 tonnes per employee.
- There was a 23.3% fall in exports to 8.2 million over the year. Meanwhile, imports increased 5.2% to 15.1 million tonnes.
- Tourism expenditure in the South Coast region fell 2.3% to \$2.6 billion due to a decline in both domestic and international overnight tourism expenditure.

ANNUAL STATE OF THE REGION

HOUSE SALES	7,560
UNIT SALES	3,060
LAND LOT SALES	607
UNEMPLOYMENT	4.5%
YOUTH UNEMPLOYMENT	11.4%
EMPLOYED PERSONS	146,300

HIGHLIGHTS



- The unemployment rate in the Illawarra decreased 0.9% pts to 4.5% while the youth unemployment rate was relatively steady, up 0.1% pts to 11.4% over the year.
- The median rent for houses in the Wollongong Statistical District (WSD) rose 3.7% to \$560 per week. The median rent for units was up 13.8% to \$535 over the same period.
- Growth in the WSD property market was relatively slow compared to previous years. Median sale price for houses was up 1.6% to \$655,000 while units were up 4.8% to \$550,000.
- Unit approvals in the Illawarra lifted 50.1% to 1,891 during the year to September 2018. Approvals for houses were up 10.1% to 1,933 over the same period.
- The value of non-residential approvals in the Illawarra declined 24.3% to \$380.2 million over the year.

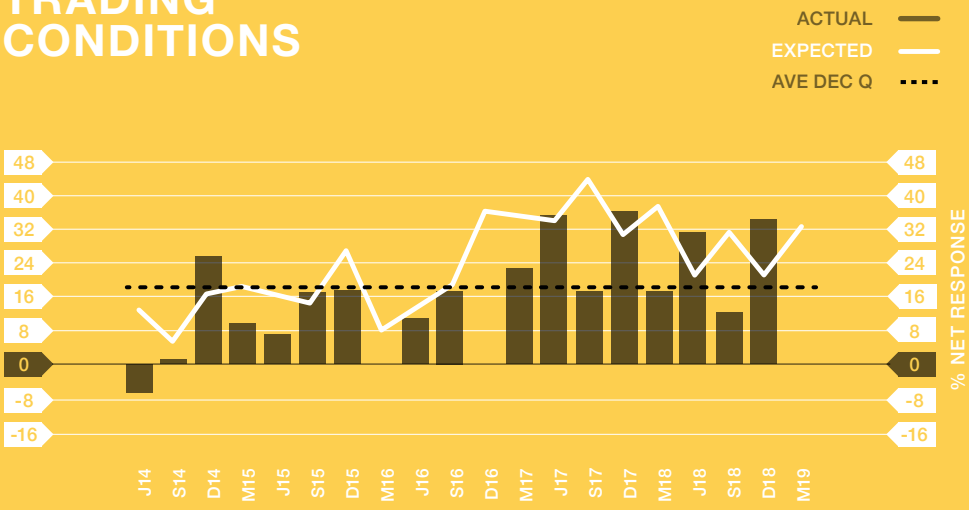
TONNES OF COAL	11.4 MILLION
TONNES OF EXPORTS	8.2 MILLION
TONNES OF IMPORTS	15.1 MILLION
DOMESTIC VISITOR NIGHTS	12.2 MILLION
NON-RES BUILDING APPROVALS	\$380.2 MILLION

TRADING CONDITIONS

Trading activity in the December 2018 quarter outperformed expectations, continuing the seasonal trend that has emerged over the past two years.

- 34.6% (net) of Illawarra businesses reported higher trading activity during the December 2018 quarter, down 2.0% pts on this time last year but 16.0% pts above the long-term average for the quarter.
- Expectations for the upcoming March 2019 quarter are also positive with a net 32.8% anticipating higher trading activity. This result is down 4.7% pts on the March 2019 quarter but 17.2% pts above the long-term expectation level.
- Over the past two years there has been a recurring trend where trading activity is highest in the June and December quarters. The higher expectations for the following September and March quarters have not been met.

TRADING CONDITIONS

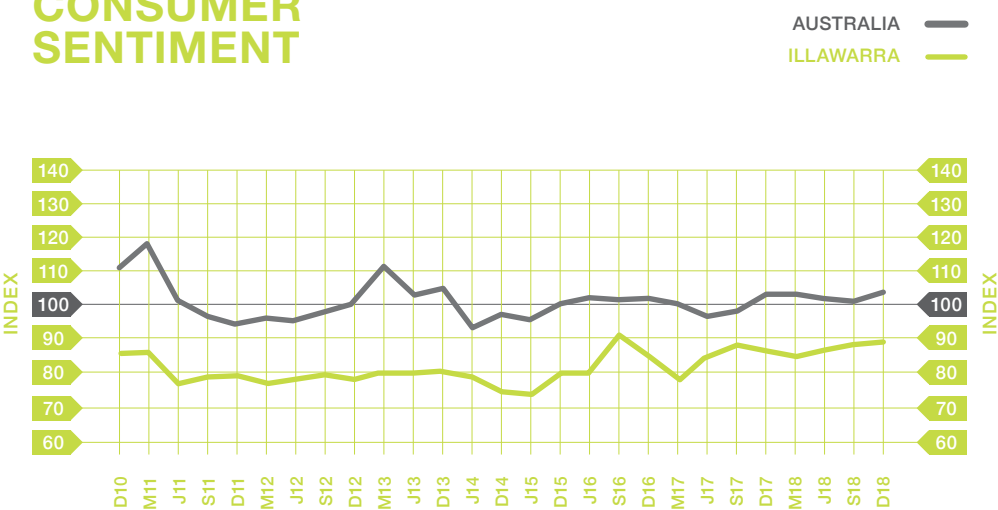


CONSUMER SENTIMENT

Consumer sentiment in the Illawarra has trended upwards over the past two years.

- The *Illawarra Consumer Sentiment Index* increased 2 pts to 89 pts since the December 2018 quarter. This result sits 3 pts above the long-term average for the quarter.
- This was driven by improved sentiment towards buying property and starting a business as well as higher perceptions of local job availability.
- Westpac's *Australian Consumer Sentiment Index* was up 1 pt to 104 pts over the year.

CONSUMER SENTIMENT



TRADE



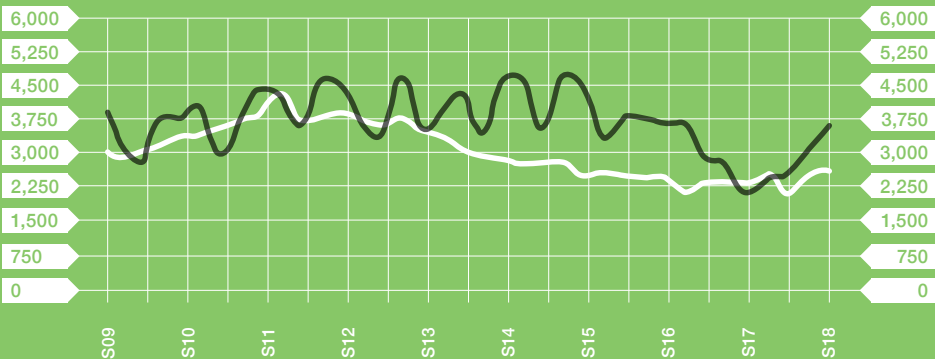
SOUTHERN MINES COAL PRODUCTION

There has been a strong recovery in production over the past 12 months.

- A total of 11.4 million tonnes was produced during the year to September 2018, up 0.8% pts on the year to September 2017. Over the same timeframe average employment rose 6.7% to 2,428.
- As the growth in employment was higher than the growth in production, yearly productivity was down 5.5% to 4,710.9 tonnes per employee.
- During the three months to September 2018:
 - A total of 3.5 million tonnes was produced, up 14.9% on the June 2018 quarter. Average employment increased 4.0% to 2,547.
 - As a result, quarterly productivity was up 10.6% to 1,365.6 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION

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



TRADE



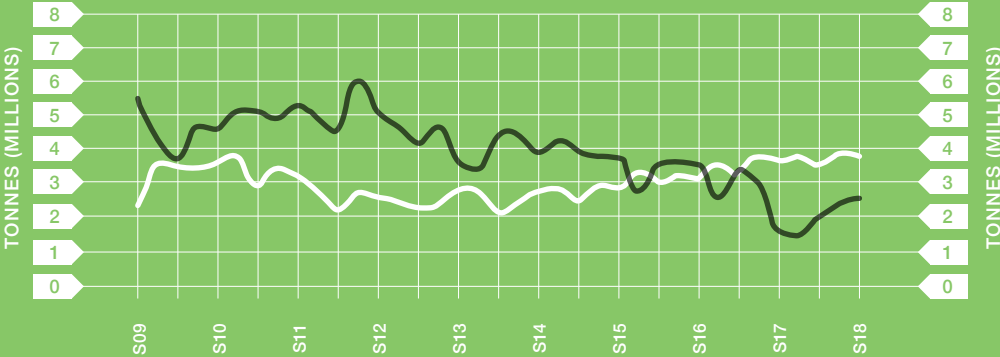
PORT KEMBLA TRADE

The recovery in exports has continued for the third consecutive quarter, though results for the year to September 2018 are down compared to the previous year.

- Exports declined 23.3% to 8.2 million tonnes during the year to September 2018.
- Meanwhile, there was a 5.2% increase in imports to 15.1 million tonnes over the same period.
- During the three months to September 2018:
 - Exports grew 7.1% to 2.5 million tonnes.
 - Imports saw a 3.2% decrease during the September 2018 quarter.

PORT KEMBLA TRADE

TOTAL IMPORTS —
TOTAL EXPORTS —



TOURISM

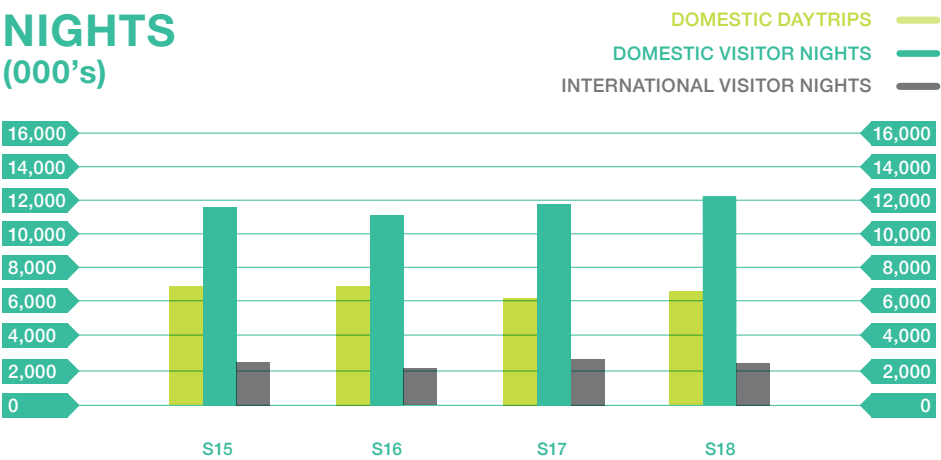


The latest data from Destination NSW for the South Coast region shows that tourism expenditure was down compared to the year to September 2017 due to lower domestic and international overnight travel expenditure.

- The average daytrip visitor spent \$91, down 3.7% on the year to September 2017. However, the number of daytrip visitors increased 6.5% to 6.6 million. These results combined to leave daytrip expenditure up 2.5% to \$607 million.
- 3.9 million domestic overnight travellers visited the South Coast region during the year to September 2018, up 2.3%. These visitors spent 12.2 million nights in the region, up 3.9%. The average spend per day was \$144, down 6.9% on the previous year. Overall, domestic overnight tourism expenditure fell 3.3% to \$1.8 billion.

	Year to Sep 17	Year to Sep 18	Change (%)
Domestic Daytrips	6,239	6,643	6.5
Domestic Visitor Nights	11,782	12,238	3.9
International Visitor Nights	2,753	2,523	-8.4

NIGHTS (000's)



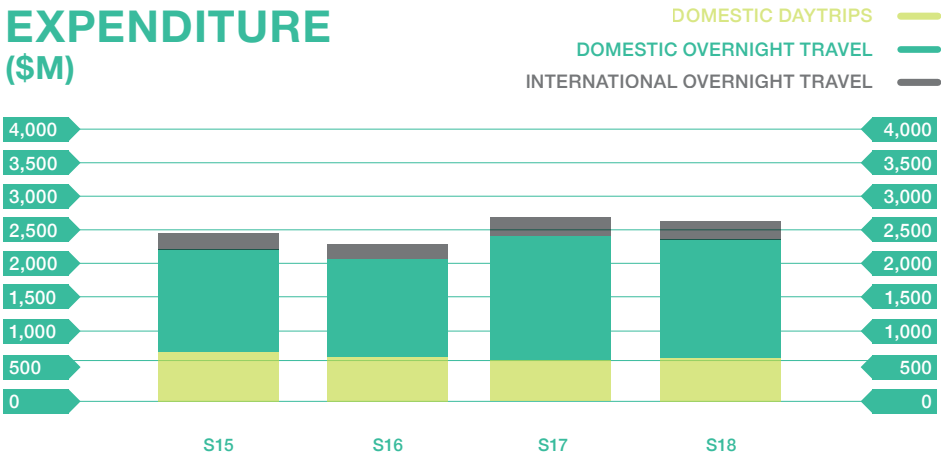
TOURISM



- Over the same timeframe 193,000 international tourists visited the region, up 12.2%. Nights spent in the region fell 8.4% to 2.5 million. Per night spend was up 2.2% to \$104. The results combined to leave international tourism expenditure down 6.4% to \$261 million.
- Overall, tourism expenditure totalled \$2.6 billion, down 2.3% on the year to September 2017. The increase in daytrip expenditure did not compensate for the falls in domestic and international overnight expenditure.

	Year to Sep 17	Year to Sep 18	Change (%)
Domestic Daytrips	592	607	2.5
Domestic Visitor Nights	1,822	1,762	-3.3
International Visitor Nights	279	261	-6.5
Total	2,693	2,630	-2.3

EXPENDITURE (\$M)



LABOUR MARKET

Labour market conditions in the Illawarra continued to improve over the year to September 2018.

- On average, 146,300 persons were employed in the Illawarra, up 3.4% on the year to September 2017.
- This contributed to an improvement in the local unemployment rate, down 0.9% pts to 4.5%.
- The participation rate increased 0.6 % pts to 60.6%.
- The youth unemployment rate in the region was relatively steady, up 0.1% pts to 11.4%.
- The average number of persons receiving unemployment benefits in the Illawarra decreased 3.8% to 7,796.

ILLAWARRA STATISTICAL DISTRICT (ISD) LABOUR MARKET STATISTICS YEAR OVER YEAR

	Year to Sep 17 (Ave.)	Year to Sep 18 (Ave.)
EMPLOYMENT (000's)	141.6	146.3
UNEMPLOYMENT RATE (%)	5.4	4.5
PARTICIPATION RATE (%)	60.0	60.6
YOUTH UNEMPLOYMENT RATE (%)	11.3	11.4
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,108	7,796

LABOUR MARKET



Labour market results for the three months to September 2018:

- The average number of employed persons increased 2.4% to 150,100.
- The unemployment rate was down 0.2% pts to 4.2%.
- The participation rate in the Illawarra rose 1.1% pts to 61.7%.
- The youth unemployment rate fell 1.6% pts to 10.4%.
- The average number of persons receiving unemployment benefits declined 4.1% to 7,440.

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 18 Qtr (Ave.)	Sep 18 Qtr (Ave.)
EMPLOYMENT (000's)	146.6	150.1
UNEMPLOYMENT RATE (%)	4.4	4.2
PARTICIPATION RATE (%)	60.6	61.7
YOUTH UNEMPLOYMENT RATE (%)	12.0	10.4
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,756	7,440

RENTAL MARKET



Growth in rent for units was higher than growth in rent for houses during the year to September 2018.

- The median rent for houses was \$560 per week, up 3.7% on the year to September 2017. The average number of houses advertised per week fell from 32 to 31.
- The median rent for units lifted 13.8% to \$535 per week over the year. The average number of units advertised fell from 36 to 30.
- Key results for the three months to September 2018:
 - The median rent for houses increased 1.8% to \$560 per week. The average number of houses advertised fell from 34 to 31.
 - The median rent for units was unchanged at \$550 per week. The average number of units advertised fell from 24 to 23.

RENTAL MARKET VALUES

		YEAR TO SEP 17	YEAR TO SEP 18	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	540	560	3.7
	AVERAGE WEEKLY LISTINGS (NO.)	32	31	-3.1
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	310	297	-4.2
	AVERAGE WEEKLY LISTINGS (NO.)	3	3	-
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	420	430	2.4
	AVERAGE WEEKLY LISTINGS (NO.)	18	15	-16.7
UNITS 3BR UNF	MEDIAN WEEKLY RENTAL (\$)	550	562	2.2
	AVERAGE WEEKLY LISTINGS (NO.)	14	12	-14.3
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	470	535	13.8
	AVERAGE WEEKLY LISTINGS (NO.)	36	30	-16.7

RENTAL MARKET

Selected Areas

Looking at selected areas:

- For houses, Kiama saw the highest growth in median rent, up 10.0% to \$605 per week. This was followed by Albion Park to Albion Park Rail, 8.3% to \$520 per week.
- For units, Lake Illawarra South to Oak Flats saw the highest growth, up 12.2% to \$460 per week. This was followed by Albion Park to Albion Park Rail, up 11.9% to \$470 per week.

MEDIAN RENTS FOR SELECTED AREAS

		YEAR TO SEP 17	YEAR TO SEP 18	YEARLY CHANGE (%)
HOUSES	Austinmer/Thirroul	695	720	3.6
	Bulli/Woonona	650	650	-
	Russell Vale to Fairy Meadow	550	585	6.4
	Wollongong to Figtree	567	575	1.4
	Unanderra to Mount Kembla	520	560	7.7
	Dapto/Kanahooka/Koonawarra	500	500	-
	Lake Heights to Windang	480	472	-1.7
	Albion Park to Albion Park Rail	480	520	8.3
	Lake Illawarra Sth to Oak Flats	480	500	4.2
	Shellharbour	610	620	1.6
UNITS/FLATS/TOWNHOUSES	Kiama	550	605	10.0
	Austinmer/Thirroul	550	600	9.1
	Bulli/Woonona	520	510	-1.9
	Russell Vale to Fairy Meadow	430	420	-2.3
	Wollongong to Figtree	480	490	2.1
	Unanderra to Mount Kembla	410	420	2.4
	Dapto/Kanahooka/Koonawarra	422	455	7.8
	Lake Heights to Windang	345	330	-4.3
	Albion Park to Albion Park Rail	420	470	11.9
	Lake Illawarra Sth to Oak Flats	410	460	12.2
	Shellharbour	460	510	10.9
	Kiama	545	540	-0.9

PROPERTY



Property prices in the Illawarra continued to climb but at a lower rate compared to previous years.

- The median sale price for houses in the WSD rose 1.6% to \$655,000 over the year to September 2018. The median sale price for units was up 4.8% to \$550,000 while the median sale price for land increased 1.7% to \$383,000.
- Looking at the market for houses, Kiama LGA experienced the highest growth, up 5.0% to \$834,500. This was followed by Wingecarribee LGA, up 4.8% to \$650,000.
- For units, Wingecarribee recorded the highest growth, up 14.0% to \$570,000. This was followed by Wollongong LGA, up 4.7% to \$550,000.
- Looking at median sale prices for land, Shellharbour LGA saw the highest growth, up 15.4% to \$349,000. This was followed by Kiama LGA, up 10.2% to \$471,000.

MEDIAN PROPERTY VALUES

	YEAR TO SEP 17	YEAR TO SEP 18	YEARLY CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	645,000	655,000	1.6
WOLLONGONG LGA	650,000	665,000	2.3
SHELLHARBOUR LGA	600,000	616,000	2.7
KIAMA LGA	794,500	834,500	5.0
SHOALHAVEN LGA	479,000	495,000	3.3
WINGECARRIBEE LGA	620,000	650,000	4.8
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	525,000	550,000	4.8
WOLLONGONG LGA	525,250	550,000	4.7
SHELLHARBOUR LGA	490,000	508,500	3.8
KIAMA LGA	629,000	637,500	1.4
SHOALHAVEN LGA	385,000	395,000	2.6
WINGECARRIBEE LGA	500,000	570,000	14.0
LAND			
WOLLONGONG STATISTICAL DISTRICT	376,500	383,000	1.7
WOLLONGONG LGA	385,000	397,500	3.2
SHELLHARBOUR LGA	302,500	349,500	15.4
KIAMA LGA	427,500	471,000	10.2
SHOALHAVEN LGA	255,000	258,000	1.2
WINGECARRIBEE LGA	340,000	358,000	5.3

PROPERTY



Results for the September 2018 quarter:

- The median sale price for houses in the WSD was steady at \$650,000 while the median sale price for units increased 0.5% to \$560,000.
- In the market for houses, Shellharbour LGA saw the highest quarterly growth, up 2.0% to \$622,250.
- For units, Wingecarribee LGA rose 14.8% to \$735,000, the highest of any LGA in the Illawarra.
- Quarterly results for land are not reported due to a low number of sales.

SALES

	YEAR TO SEP 18		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	7,560	3,060	607
WOLLONGONG LGA	4,906	2,321	313
SHELLHARBOUR LGA	2,008	502	233
KIAMA LGA	646	237	61
SHOALHAVEN LGA	4,454	406	868
WINGECARRIBEE LGA	1,331	260	436

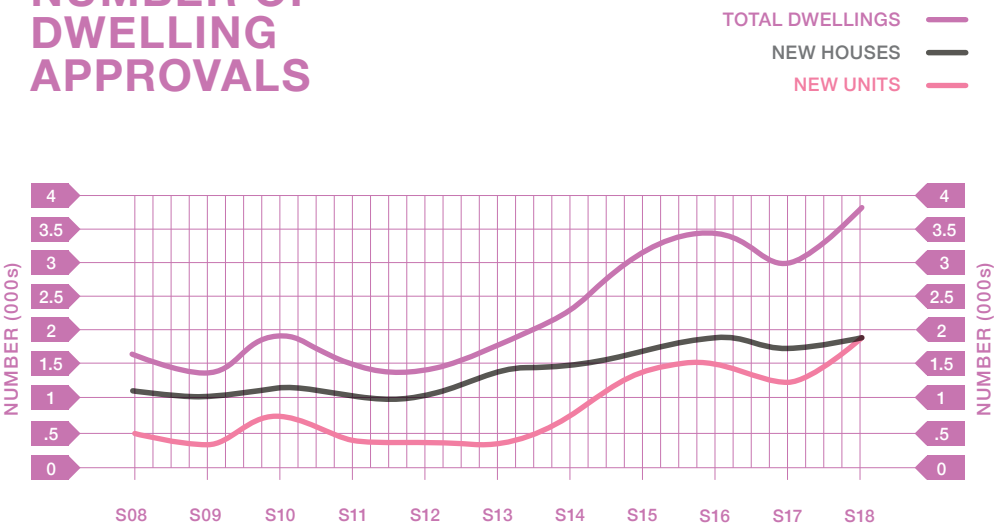
DWELLING APPROVALS



Dwelling approvals rebounded in the year to September 2018 on the back of a strong increase in approvals for units, flats and townhouses.

- A total of 3,824 dwellings were approved in the Illawarra during the year to September 2018, up 26.8% on the year to September 2017. This consisted of 1,933 houses (up 10.1%) and 1,891 units, flats and townhouses (up 50.1%).
- Across the WSD, dwelling approvals lifted 34.3% to 2,488. This was driven by a 56.2% increase in the number of unit approvals to 1,453 over the year. Housing approvals rose 12.1% to 1,035.
- Looking at the September 2018 quarter:
 - ISD approvals totalled 927, down 21.3% on the June 2018 quarter. Housing approvals were up 7.8% to 536 while unit approvals fell 42.6% to 391.

NUMBER OF DWELLING APPROVALS



DWELLING APPROVALS



- Wollongong LGA (1,270) accounted for 33.2% of the total dwelling approvals (3,824) in the Illawarra for the year to September 2018.
- This was followed by Shellharbour LGA (1,038), which accounted for 27.1% of the total.

DWELLING APPROVALS BY LGA

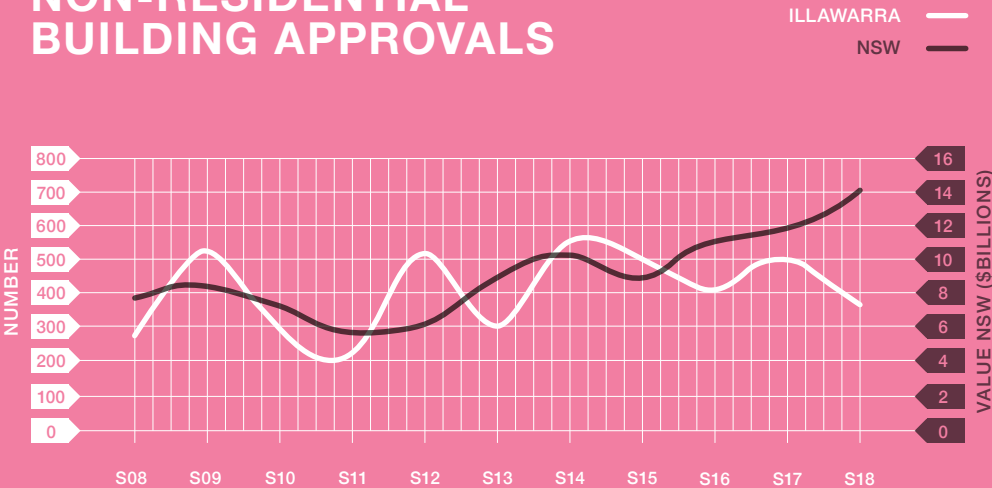
	YEAR TO QUARTER				
	S14	S15	S16	S17	S18
WOLLONGONG LGA	793	1,025	1,437	973	1,270
SHELLHARBOUR LGA	520	553	515	599	1,038
KIAMA LGA	53	50	357	281	180
SHOALHAVEN LGA	615	642	691	821	786
WINGECARRIBEE LGA	344	902	473	342	550

NON-RESIDENTIAL BUILDING APPROVALS

The value of commercial building approvals in the ISD and NSW has continued to trend in opposite directions.

- The value of non-residential approvals in the Illawarra totalled \$380.2 million, down 24.3% on the year to September 2017 (\$502.5 million). This was driven by a 42.2% fall in public investment to \$105.0 million. Over the same timeframe private non-residential investment was down 14.3% to \$275.2 million
- 82.1% of the aforementioned ISD investment was generated in the WSD (\$312.3 million). Meanwhile, there was \$14.1 billion of non-residential approvals during the year in NSW, up 18.6%.
- ISD sectors showing growth include education (to \$74.2 million), offices (to \$59.0 million), health (to \$45.4 million) and warehouses (to \$37.0 million). Sectors which saw lower investment include hotels (to \$4.6 million), aged care (to \$6.5 million) and miscellaneous (to \$11.1 million).

NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS



Key results for the three
months to September 2018:

- ISD non-residential approvals increased 58.7% to \$141.0 million during the quarter.
- 82.9% of the aforementioned ISD investment was generated in the WSD (\$116.9 million).



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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 Research database.

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