

PROFILE ILLAWARRA

SEPTEMBER 2018



HIGHLIGHTS



- Trade in the Illawarra was positive with a net 11.6% of local businesses experiencing higher trading activity.
- The *Illawarra Consumer Sentiment Index* fell 3 pts to 85 pts over the year to June 2018. Meanwhile, Westpac's *Australian Consumer Sentiment Index* increased 3 pts to 101 pts.
- Coal production declined 21.3% to 10.1 million tonnes over the year to June 2018. Average employment was up 3.0% to 2,371, leaving productivity down 23.6% to 4,255.3 tonnes per employee.
- There was a 41.2% fall in exports to 7.4 million tonnes over the year to June 2018. Imports lifted 8.2% to 15.0 million tonnes over the same period.
- Tourism expenditure in the South Coast region was down 0.8% to \$2.6 billion due to a decline in international tourism expenditure.

ANNUAL STATE OF THE REGION

HOUSE SALES	6,995
UNIT SALES	2,783
LAND LOT SALES	530
UNEMPLOYMENT	4.5%
YOUTH UNEMPLOYMENT	10.6%
EMPLOYED PERSONS	144,300

HIGHLIGHTS



- The unemployment rate in the Illawarra decreased 1.2% pts to 4.5% over the year while the youth unemployment rate was down 2.3% pts to 10.6%.
- The median rent for houses in the Wollongong Statistical District (WSD) rose 5.7% to \$560 per week. The median rent for units increased 4.3% to \$480 per week.
- The WSD property market experienced reasonable growth with the median sale price for houses up 4.0% to \$655,000 and for units up 3.5% to \$383,000.
- Unit approvals in the Illawarra more than doubled over the year to June 2018, up 106.6% to 2,016. Approvals for houses fell 6.1% to 1,809.
- The value of non-residential approvals in the Illawarra declined 31.5% to \$321.3 million over the year.

TONNES OF COAL	10.1 MILLION
TONNES OF EXPORTS	7.4 MILLION
TONNES OF IMPORTS	15.0 MILLION
DOMESTIC VISITOR NIGHTS	12.1 MILLION
NON-RES BUILDING APPROVALS	\$321.3 MILLION

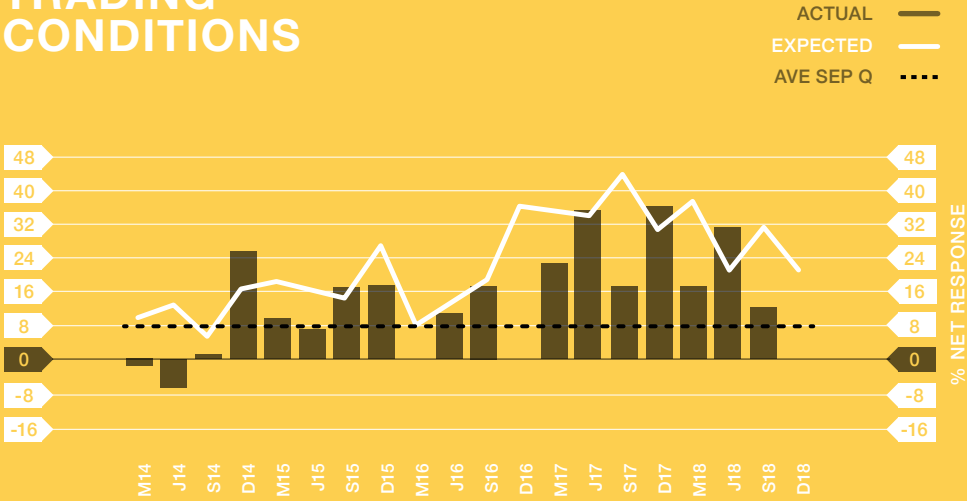
TRADING CONDITIONS

Trading activity in the Illawarra was above average but down compared to last quarter and this time last year.

11.6% (net) of Illawarra businesses reported higher trading activity during the September 2018 quarter, down 5.5% pts on this time last year but 4.2% pts above the long-term average for the quarter.

Expectations for the upcoming December 2018 quarter are also positive with a net 20.3% anticipating higher trading activity. However, this result is down 10.0% pts on the December 2018 quarter and 1.4% pts below the long-term average.

TRADING CONDITIONS



CONSUMER SENTIMENT

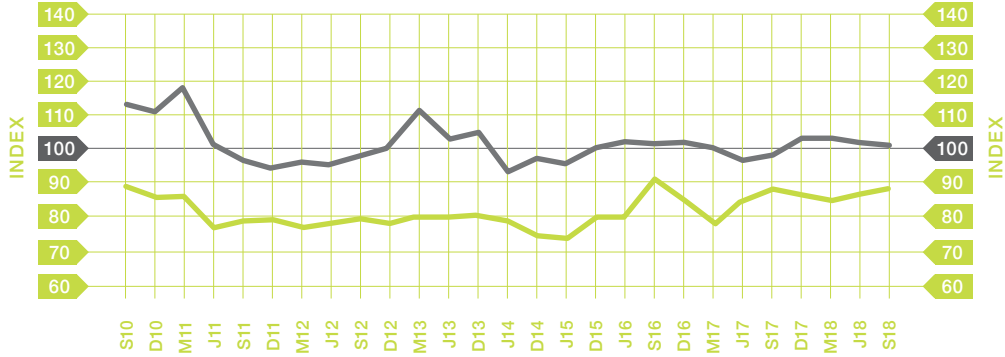


Consumer sentiment in the Illawarra has trended downwards over the past year.

- The *Illawarra Consumer Sentiment Index* decreased 3 pts to 85 pts since the September 2017 quarter. This result sits 3 pts below the long-term average for the quarter.
- This was driven by deterioration in the financial position of Illawarra residents as well as lower perceptions of national economic conditions.
- Westpac's *Australian Consumer Sentiment Index* rose 3 pts to 101 pts over the year.

CONSUMER SENTIMENT

AUSTRALIA —
ILLAWARRA —



TRADE



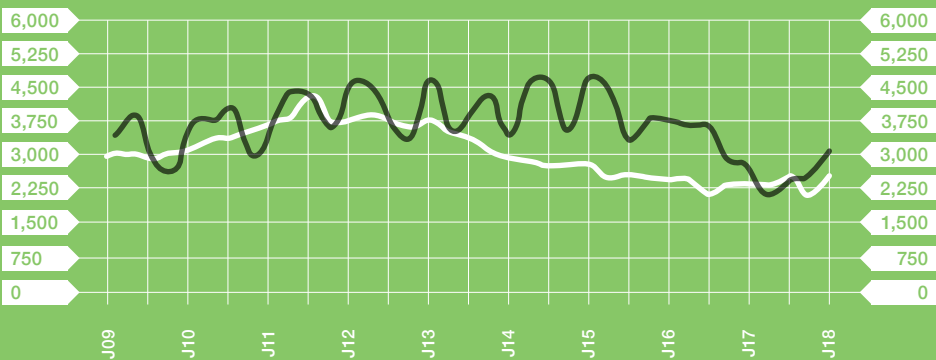
SOUTHERN MINES COAL PRODUCTION

Higher employment and lower production caused productivity to decline over the year to June 2018.

- A total of 10.1 million tonnes was produced during the year to June 2018, down 21.3% on the year to June 2017. Over the same timeframe average employment rose 3.0% to 2,371.
- These results combined to leave yearly productivity down 23.6% to 4,255.3 tonnes per employee.
- During the three months to June 2018:
 - A total of 3.0 million tonnes was produced, up 21.0% on the March 2018 quarter. Average employment increased 13.1% to 2,450.
 - As a result, quarterly productivity was up 7.0% to 1,235.2 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION

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



TRADE



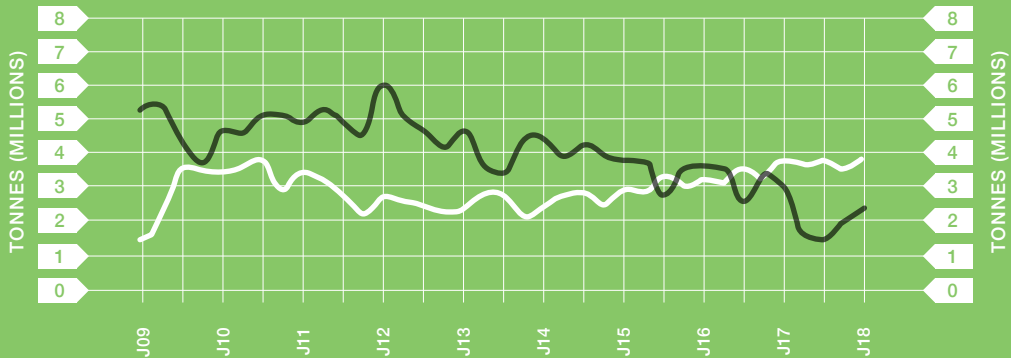
PORT KEMBLA TRADE

There has been a recovery in exports over the past six months.

- Exports declined 41.2% to 7.4 million tonnes during the year to June 2018.
- There was an 8.2% increase in imports to 15.0 million tonnes over the same period.
- During the three months to June 2018:
 - Exports lifted 22.4% to 2.3 million tonnes.
 - There was an 8.6% increase in imports to 3.9 million tonnes during the June 2018 quarter.

PORT KEMBLA TRADE

TOTAL IMPORTS —
TOTAL EXPORTS —



TOURISM

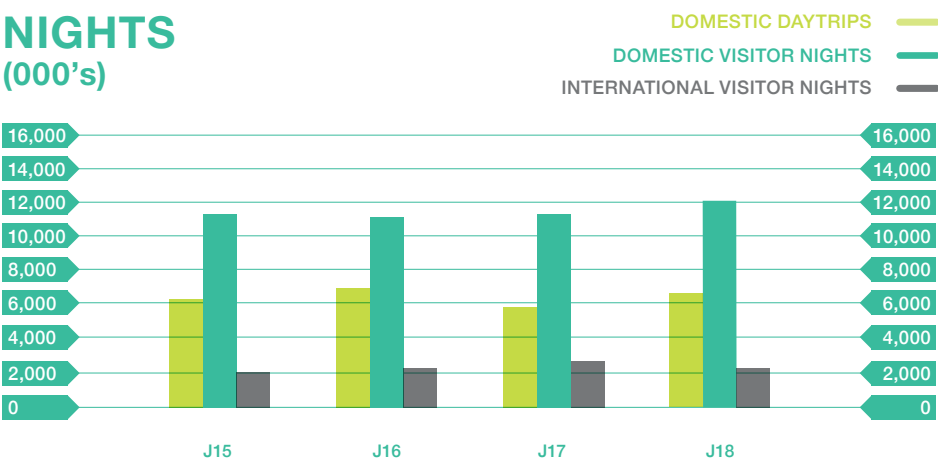


The latest data from Destination NSW for the South Coast region shows that total expenditure was down compared to this time last year despite higher domestic daytrip spending.

- The average daytrip visitor \$92, down 8.2% on the year to June 2017. The number of daytrip visitors increased 14.9% to 6.8 million. These results combined to leave daytrip expenditure up 5.5% to \$628 million.
- 3.8 million domestic overnight travellers visited the region during the year to June 2018, up 3.0%. These visitors spent 12.1 million nights in the region, up 6.2%. Per night spend was down 6.5% to \$145. Overall, domestic overnight tourism expenditure fell 0.7% to \$1.8 billion.

	Year to Jun 17	Year to Jun 18	Change (%)
Domestic Daytrips	5,911	6,790	14.9
Domestic Visitor Nights	11,419	12,130	6.2
International Visitor Nights	2,752	2,315	-15.9

NIGHTS (000's)



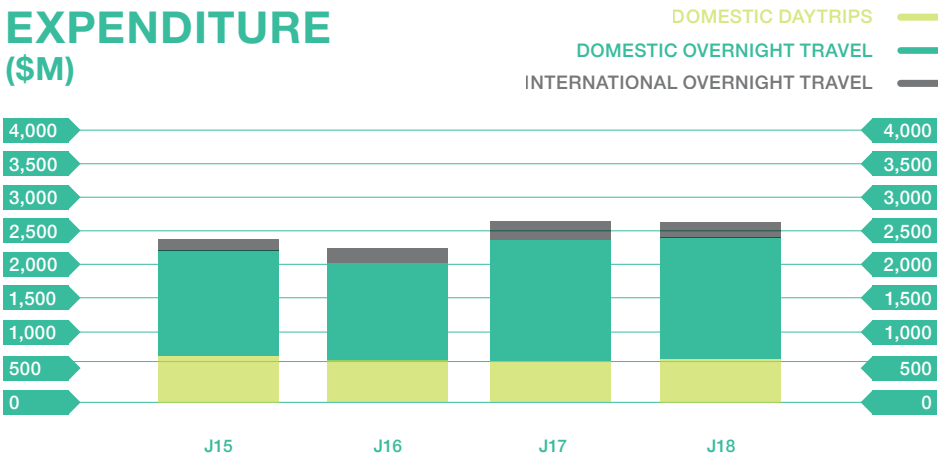
TOURISM



- Over the same timeframe, 184,000 international tourists visited the region, up 5.8%. However, nights spent in the region fell 15.9% to 2.3 million with per night spend down 15.0% to \$231. As a result, international expenditure slumped 15.1% to \$231 million.
- Overall, tourism expenditure totalled \$2.6 billion, down 0.8% on the year to June 2017. The boost in domestic daytrip expenditure did not compensate for the fall in international overnight expenditure.

	Year to Jun 17	Year to Jun 18	Change (%)
Domestic Daytrips	595	628	5.5
Domestic Visitor Nights	1,774	1,761	-0.7
International Visitor Nights	272	231	-15.1
Total	2,641	2,620	-0.8

EXPENDITURE (\$M)



LABOUR MARKET

There were strong improvements in labour force results during the year to June 2018.

- On average, 144,300 persons were employed in the Illawarra, up 1.4% on the year to June 2017.
- The local unemployment rate was down 1.2% pts to 4.5%.
- The participation rate in the Illawarra was down 0.7% pts to 60.1%.
- The youth unemployment rate in the region was down 2.3% pts to 10.6%.
- The average number of persons receiving unemployment benefits in the Illawarra decreased 1.9% to 7,938.

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

	Year to Jun 17 (Ave.)	Year to Jun 18 (Ave.)
EMPLOYMENT (000's)	142.4	144.3
UNEMPLOYMENT RATE (%)	5.8	4.5
PARTICIPATION RATE (%)	60.8	60.1
YOUTH UNEMPLOYMENT RATE (%)	12.9	10.6
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,095	7,938

LABOUR MARKET



Labour market results for the three months to June 2018:

- The average number of employed persons rose 3.6% to 146,500.
- The unemployment rate was up 0.5% pts to 4.9%.
- The participation rate in the Illawarra fell 2.1% pts to 59.0%.
- The youth unemployment rate fluctuated, up 4.5% pts to 14.0%.
- The average number of persons receiving unemployment benefits rose 2.6% to 8,097.

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

	Mar 18 Qtr (Ave.)	Jun 18 Qtr (Ave.)
EMPLOYMENT (000's)	141.4	146.5
UNEMPLOYMENT RATE (%)	4.4	4.9
PARTICIPATION RATE (%)	61.1	59.0
YOUTH UNEMPLOYMENT RATE (%)	9.6	14.0
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,890	8,097

RENTAL MARKET



Growth in rent for houses was higher than growth in rent for units over the 12 months to June 2018.

- The median rent for houses was \$560 per week, up 5.7% on the year to June 2017. Over the year the average number of houses advertised per week was steady at 31.
- The median rent for units increased 4.3% to \$480 per week. The average number of units advertised per week was steady at 34.
- Key results for the three months to June 2018:
 - The median rent for houses was unchanged at \$550 per week. The average number of houses advertised per week fell from 35 to 34.
 - The median rent for units increased 11.1% to \$500 per week. The average number of units advertised per week was unchanged at 34.

RENTAL MARKET VALUES

		YEAR TO JUN 17	YEAR TO JUN 18	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	530	560	5.7
	AVERAGE WEEKLY LISTINGS (NO.)	31	31	-
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	300	300	-
	AVERAGE WEEKLY LISTINGS (NO.)	3	4	33.3
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	410	430	4.9
	AVERAGE WEEKLY LISTINGS (NO.)	17	17	-
UNITS 3BR UNF	MEDIAN WEEKLY RENTAL (\$)	550	570	3.6
	AVERAGE WEEKLY LISTINGS (NO.)	14	13	-7.1
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	460	480	4.3
	AVERAGE WEEKLY LISTINGS (NO.)	34	34	-

RENTAL MARKET

Selected Areas

Looking at
selected areas:

- For houses, Albion Park to Albion Park Rail saw the highest growth in rent, up 14.1% to \$525 per week. This was followed by Unanderra to Mount Kembla, up 12.0% to \$560 per week.
- For units, Albion Park to Albion Park Rail also saw the highest growth, up 11.9% to \$470 per week. This was followed by Shellharbour, up 10.9% to \$510 per week.

MEDIAN RENTS FOR SELECTED AREAS		YEAR TO JUN 17	YEAR TO JUN 18	YEARLY CHANGE (%)
HOUSES	Austinmer/Thirroul	720	750	4.2
	Bulli/Woonona	650	650	-
	Russell Vale to Fairy Meadow	550	600	9.1
	Wollongong to Figtree	555	570	2.7
	Unanderra to Mount Kembla	500	560	12.0
	Dapto/Kanahooka/Koonawarra	500	490	-2.0
	Lake Heights to Windang	460	480	4.3
	Albion Park to Albion Park Rail	460	525	14.1
	Lake Illawarra Sth to Oak Flats	480	490	2.1
	Shellharbour	620	600	-3.2
UNITS/FLATS/TOWNHOUSES	Kiama	550	610	10.9
	Austinmer/Thirroul	555	572	3.1
	Bulli/Woonona	490	500	2.0
	Russell Vale to Fairy Meadow	420	420	-
	Wollongong to Figtree	480	495	3.1
	Unanderra to Mount Kembla	400	390	-2.5
	Dapto/Kanahooka/Koonawarra	420	450	7.1
	Lake Heights to Windang	330	345	4.5
	Albion Park to Albion Park Rail	420	470	11.9
	Lake Illawarra Sth to Oak Flats	430	440	2.3
UNITS/FLATS/TOWNHOUSES	Shellharbour	460	510	10.9
	Kiama	545	527	-3.3

PROPERTY



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

- The median sale price for houses in the WSD increased 4.0% to \$655,000. The median sale price for units rose 6.9% to \$540,000 while the median sale price for land was up 3.5% to \$383,000.
- Looking at the market for houses, Shoalhaven LGA experienced the highest growth, up 6.3% to \$489,000. This was followed by Shellharbour LGA, up 5.6% to \$607,000.
- For units, Wingecarribee LGA recorded the highest growth, up 12.5% to \$562,538. This was followed by Wollongong LGA, up 7.9% to \$545,000.
- Looking at median land prices, Kiama LGA increased 9.4% to \$470,500. This was followed by Shellharbour LGA, up 8.9% to \$326,500.

MEDIAN PROPERTY VALUES

HOUSES	YEAR TO JUN 17	YEAR TO JUN 18	YEARLY CHANGE (%)
WOLLONGONG STATISTICAL DISTRICT	630,000	655,000	4.0
WOLLONGONG LGA	635,000	665,000	4.7
SHELLHARBOUR LGA	575,000	607,000	5.6
KIAMA LGA	788,500	827,455	4.9
SHOALHAVEN LGA	460,000	489,000	6.3
WINGECARRIBEE LGA	610,000	640,000	4.9
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	505,000	540,000	6.9
WOLLONGONG LGA	505,250	545,000	7.9
SHELLHARBOUR LGA	471,500	500,000	6.0
KIAMA LGA	597,500	625,000	4.6
SHOALHAVEN LGA	377,722	388,000	2.7
WINGECARRIBEE LGA	500,000	562,538	12.5
LAND			
WOLLONGONG STATISTICAL DISTRICT	370,000	383,000	3.5
WOLLONGONG LGA	385,000	395,000	2.6
SHELLHARBOUR LGA	299,800	362,500	20.9
KIAMA LGA	430,000	470,500	9.4
SHOALHAVEN LGA	232,500	245,000	5.4
WINGECARRIBEE LGA	325,000	350,000	7.7

PROPERTY



Results for the June 2018 quarter:

- The median sale price for houses in the WSD rose 0.8% to \$650,000 while the median sale price for units increased 0.4% to \$557,000.
- In the market for houses, Shoalhaven LGA rose 5.2% to \$505,000. This was followed by Wingecarribee LGA, up 5.1% to \$641,400.
- For units, Shellharbour LGA saw the highest quarterly growth, up 9.6% to \$525,000.
- Quarterly results for land are not reported due to a low number of sales.

SALES

	YEAR TO JUN 18		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	6,995	2,783	530
WOLLONGONG LGA	4,571	2,115	288
SHELLHARBOUR LGA	1,828	454	180
KIAMA LGA	596	214	62
SHOALHAVEN LGA	4,241	371	859
WINGECARRIBEE LGA	1,325	256	439

DWELLING APPROVALS



The year to June 2018 is the first 12-month period since the year to December 2015 where the number of unit approvals was higher than the number of housing approvals.

- A total of 3,825 dwellings were approved in the Illawarra during the year to June 2018, up 31.8% on the year to June 2017. This consisted of 1,809 houses (down 6.1%) and 2,016 units, flats and townhouses (up 106.6%).
- Across the WSD, dwelling approvals lifted 46.1% to 2,539. This was driven by a significant increase in the number of unit approvals, up 123.7% to 1,577. Housing approvals were down 6.9% to 962.
- Looking at the June 2018 quarter:
 - ISD approvals totalled 1,178, up 15.5% on the March 2018 quarter. Unit approvals were up 34.1% to 681 while housing approvals fell 2.9% to 497.

NUMBER OF DWELLING APPROVALS



DWELLING APPROVALS



- Wollongong LGA (1,438) accounted for 37.6% of the total dwelling approvals (3,825) for the year to June 2018.

DWELLING APPROVALS BY LGA

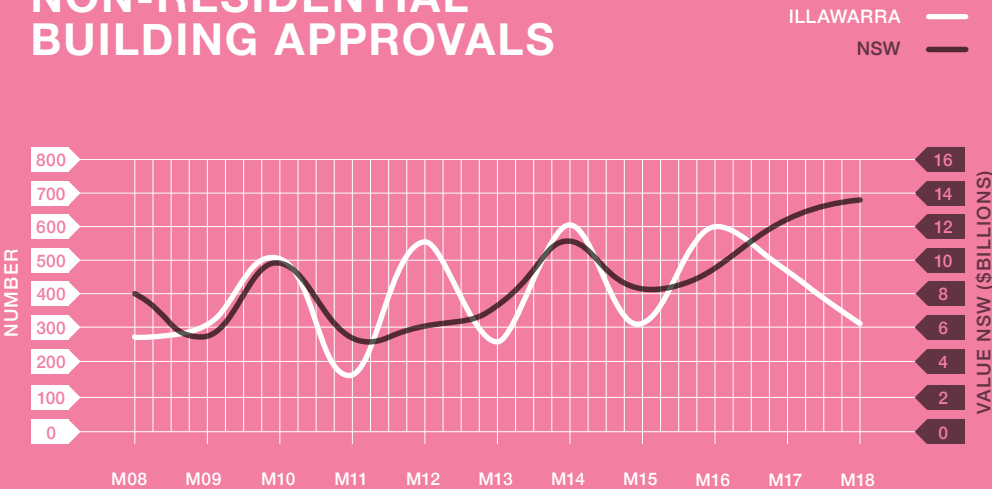
	YEAR TO QUARTER				
	J14	J15	J16	J17	J18
WOLLONGONG LGA	783	999	1,391	838	1,438
SHELLHARBOUR LGA	485	533	487	620	830
KIAMA LGA	61	44	298	280	226
SHOALHAVEN LGA	561	640	708	788	784
WINGECARRIBEE LGA	226	958	444	377	502

NON-RESIDENTIAL BUILDING APPROVALS

Commercial building approvals have continued to decline contrary to state trends over the year to June 2018.

- The value of non-residential approvals in the Illawarra totalled \$321.3 million, down 31.5% on the year to June 2017 (\$469.3 million). This result was driven by a fall in public investment, down 60.8% to \$70.7 million. Over the same timeframe private investment was down 13.3% to \$250.6 million.
- 78.3% of the aforementioned ISD investment was generated in the WSD (\$251.7 million). Meanwhile, there was \$13.5 billion of non-residential approvals during the year in NSW, up 8.3%.
- ISD sectors showing growth include health (to \$42.6 million), warehouses (to \$39.4 million), entertainment (to \$35.5 million) and offices (to \$28.1 million). Sectors which saw lower investment include hotels (to \$2.5 million), aged care (to \$6.6 million), shops (to \$59.8 million) and miscellaneous (to \$90.6 million).

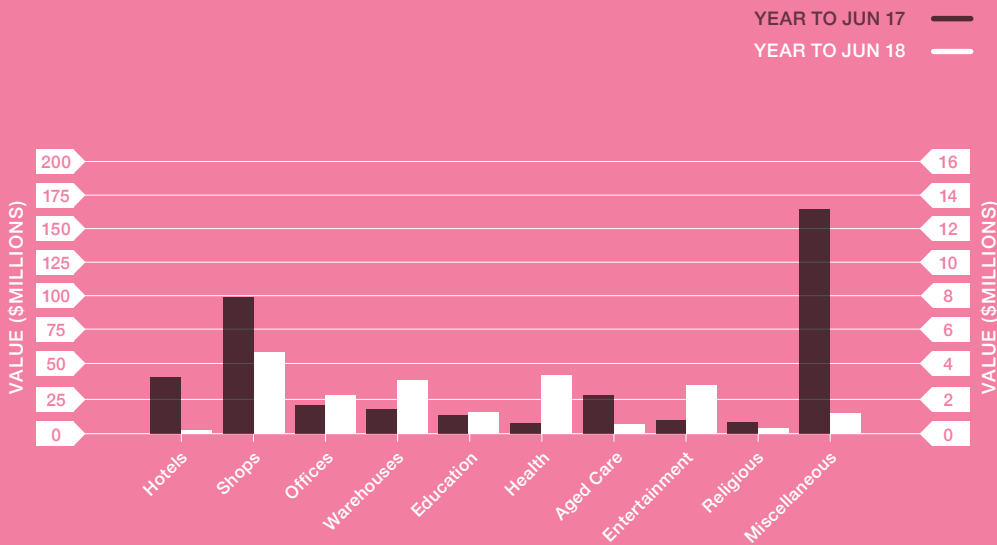
NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS

Key results for the three months to June 2018:

- ISD non-residential approvals more than doubled, up 114.8% to \$88.8 million compared to the March 2018 quarter.
- 178.0% of the aforementioned ISD investment was generated in the WSD (\$69.3 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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