

PROFILE ILLAWARRA

MARCH 2018



HIGHLIGHTS



- Trading conditions in the Illawarra were strong with a net 17.1% of Illawarra businesses experiencing higher trading activity.
- The *Illawarra Consumer Sentiment Index* increased 7 pts to 85 pts over the year to March 2018. Meanwhile, Westpac's *Australian Consumer Sentiment Index* rose 3 pts to 103 pts.
- Coal production declined 30.7% to 10.2 million tonnes over the year to December 2017. Average employment rose 1.2% to 2,833, leaving yearly productivity down 31.6% to 4,268.6 tonnes per employee.
- Coal production declined 30.7% to 10.2 million tonnes over the year to December 2017. Average employment rose 1.2% to 2,833, leaving yearly productivity down 31.6% to 4,268.6 tonnes per employee.
- Tourism expenditure in the South Coast region rose 4.3% to \$2.6 billion on the back of stronger domestic and international overnight travel.

ANNUAL STATE OF THE REGION

HOUSE SALES	4,251
UNIT SALES	1,720
LAND LOT SALES	326
UNEMPLOYMENT	5.1%
YOUTH UNEMPLOYMENT	10.7%
EMPLOYED PERSONS	142,000

HIGHLIGHTS



- The unemployment rate in the Illawarra was down 1.6% pts to 5.1%. This was due to a reduction in workforce participation rather than an increase in employment.
- The median rent price for houses in the Wollongong Statistical District (WSD) increased 3.8% to \$550 per week. The median rent from for units rose 4.9% to \$472 per week.
- The WSD property market strengthened further with the median sale price for houses up 15.8% to \$660,000 (4,251 sales) and for units up 11.0% to \$544,000 (1,720 sales).
- Dwelling approvals declined 1.4% to 3,065 over the year. This was driven by a 8.8% fall in housing approvals to 1,740, while unit approvals rose 10.5% to 1,325.
- The value of non-residential approvals in the Illawarra over the year to December 2017 totalled \$541.6 million, up 40.5% on the year to December 2016.

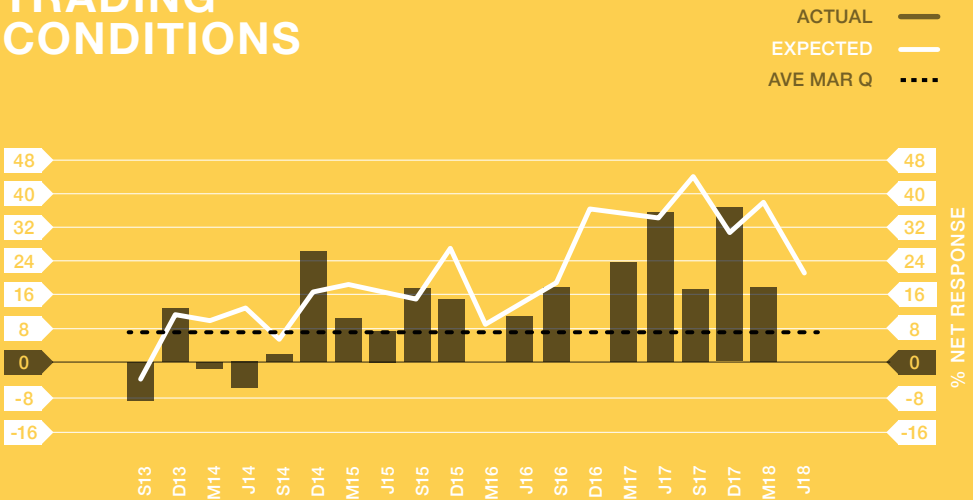
TONNES OF COAL	10.2 MILLION
TONNES OF EXPORTS	9.6 MILLION
TONNES OF IMPORTS	14.6 MILLION
DOMESTIC VISITOR NIGHTS	11.8 MILLION
NON-RES BUILDING APPROVALS	\$541.6 MILLION

TRADING CONDITIONS

Trading activity in the March 2018 quarter was above average but was down compared to this time last year.

- 17.1% (net) of local businesses reported higher trading activity during the March 2018 quarter. This result is down 5.9% pts compared to the March 2017 quarter but sits 10.2% pts above the long-term average for the quarter.
- Expectations for the upcoming June 2018 quarter followed a similar trend. A net 21.1% anticipate higher trading activity in the next three months, down 12.9% pts on the June 2017 expectation but 5.3% pts above the long-term average.

TRADING CONDITIONS

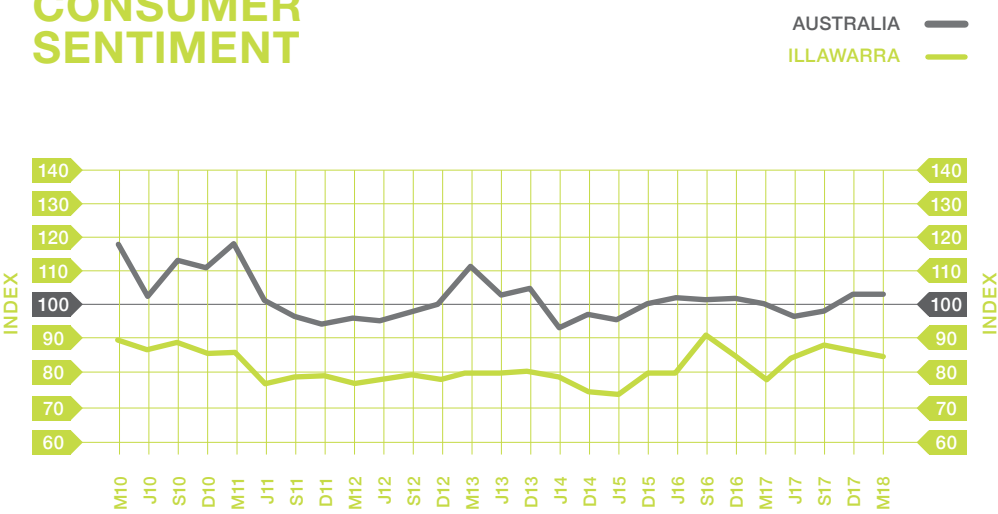


CONSUMER SENTIMENT

Consumer sentiment in the Illawarra has lifted compared to this time last year.

- The *Illawarra Consumer Sentiment Index* strengthened 7 pts to 85 pts since the March 2017 quarter. This result sits 2 pts below the long-term March quarter average.
- This was driven by improved perceptions of both job availability in the Illawarra and national economic conditions as well as more positive sentiment regarding buying property and starting a business.
- Westpac's *Australian Consumer Sentiment Index* rose 3 pts since the March 2017 quarter, now sitting at 103 pts. The gap between the *Australian* and the *Illawarra* indices (18 pts) is the largest since this time last year.

CONSUMER SENTIMENT



TRADE



SOUTHERN MINES COAL PRODUCTION

Production experienced a quarterly increase but declined over the year to December 2017.

A total of 10.2 million tonnes was produced during the year to December 2017, down 30.7% on the year to December 2016. Over the same timeframe average employment rose 1.2% to 2,383.

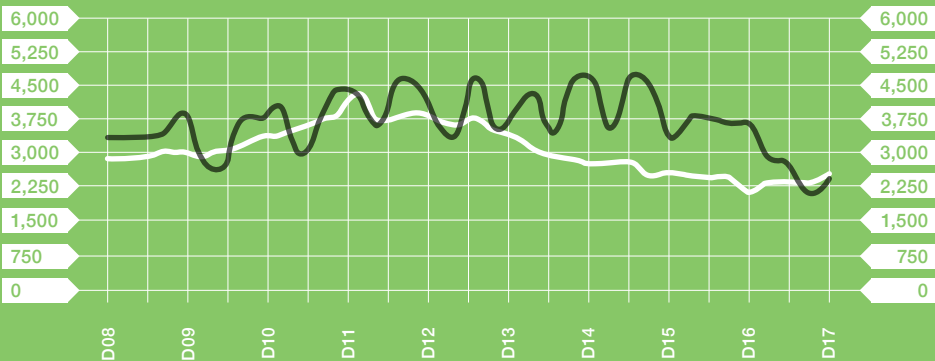
These results combined to leave yearly productivity down 31.6% to 4,268.6 tonnes per employee.

During the three months to December 2017:

- A total of 2.4 million tonnes was produced, up 14.4% on the September 2017 quarter. Average employment was up 10.1% to 2,550.
- As a result, quarterly productivity increased 4.0% to 954.5 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION

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



TRADE



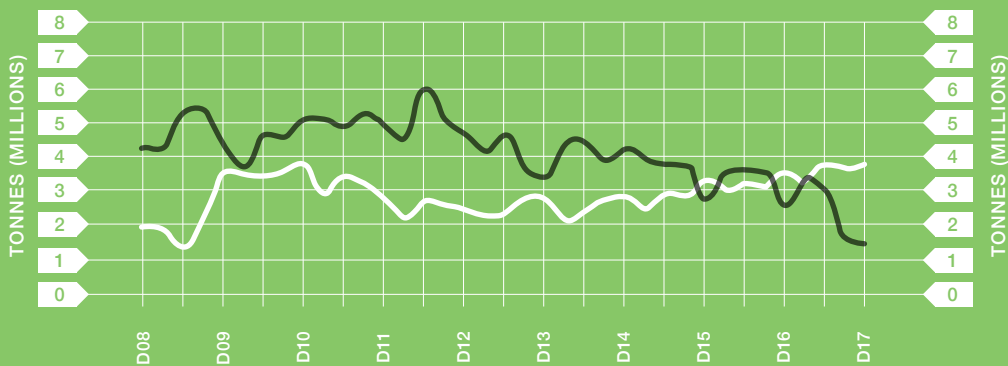
PORT KEMBLA TRADE

The negative trade balanced further widened during the December 2017 quarter.

- Exports declined 27.8% to 9.6 million tonnes during the year to December 2017.
- There was an 11.3% lift in imports to 14.6 million tonnes over the same period.
- During the three months to December 2017:
 - Exports fell 11.9% to 1.5 million tonnes.
 - Imports rose 3.4% to 3.8 million tonnes.

PORT KEMBLA TRADE

TOTAL EXPORTS —
TOTAL IMPORTS —



TOURISM

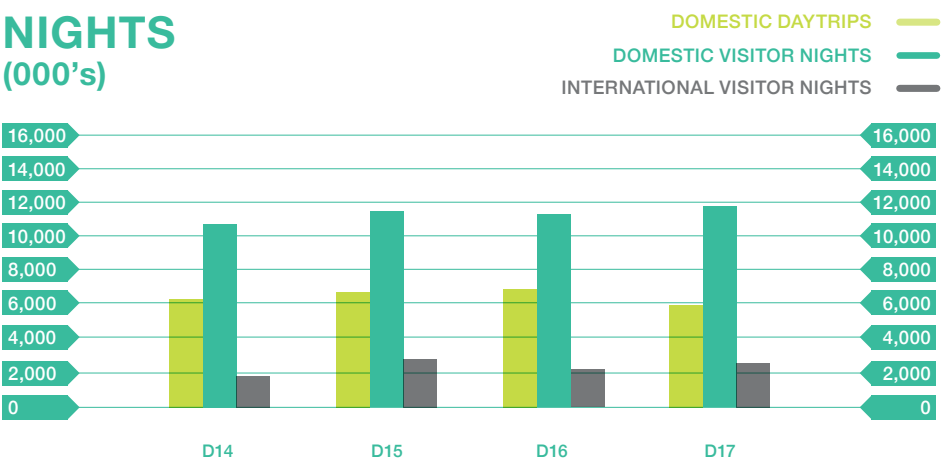


The latest data from Destination NSW for the South Coast region shows that domestic and international overnight travel continues to compensate for decreasing daytrip visitors.

- The average daytrip visitor spent \$88, down 12.2% on the year to December 2016. The number of daytrip visitors fell 13.5% to 6.0 million, leaving daytrip expenditure down 24.1% to \$528 million.
- 3.8 million domestic overnight travellers visited the region during the year to December 2017, up 5.0%. These visitors spent 11.8 million nights in the region, up 4.4%. There was a 10.6% increase in per night spend to \$154, leaving total domestic overnight expenditure up 15.4% to \$1.8 billion.

	Year to Dec 16	Year to Dec 17	Change (%)
Domestic Daytrips	6,915	5,890	-13.5
Domestic Visitor Nights	11,292	11,784	4.4
International Visitor Nights	2,204	2,514	14.1

NIGHTS (000's)



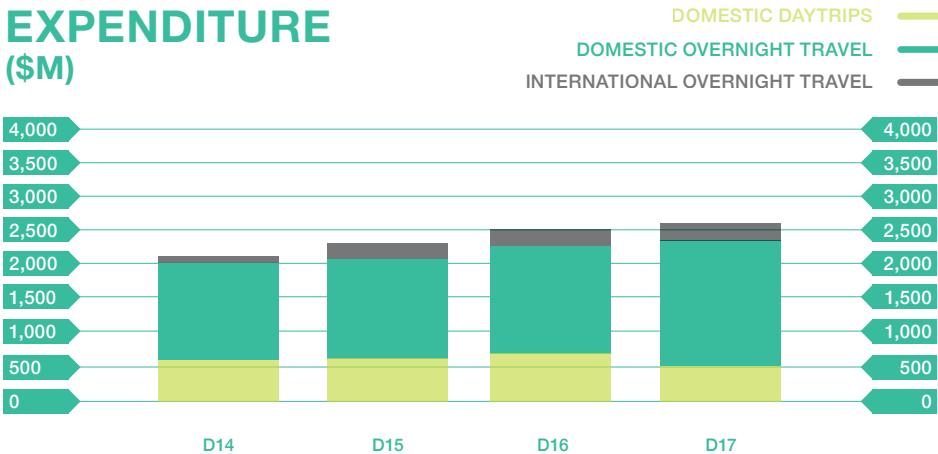
TOURISM



- Over the same timeframe, 180,400 international tourists visited the South Coast region, up 23.7%. Nights spent in the region lifted 14.1% to 2.5 million and average spend per night increased 0.6% to \$98. As a result, international expenditure saw a 14.7% boost to \$246 million.
- Overall, tourism expenditure totalled \$2.6 billion, up 4.3% on the year to December 2016 (\$2.5 billion). Growth in domestic and international overnight spending has continued to compensate for the decline in daytrip expenditure.

	Year to Dec 16	Year to Dec 17	Change (%)
Domestic Daytrips	696	528	-24.1
Domestic Visitor Nights	1,577	1,820	15.4
International Visitor Nights	214	246	14.7
Total	2,487	2,594	4.3

EXPENDITURE (\$M)



LABOUR MARKET



The fall in the unemployment rate was due to lower workforce participation rather than a higher number of employed persons.

- On average, 142,000 persons were employed in the Illawarra, down 1.1% on the year to December 2016.
- The local unemployment rate was down 1.6% pts to 5.1% over the year. .
- The participation rate in the Illawarra fell 2.4% pts to 60.0% and helps to explain why the unemployment rate decreased despite a fall in the number of employed persons.
- The youth unemployment continued to fluctuate, down 6.1% pts to 10.7%.
- The average number of persons receiving unemployment benefits in the Illawarra fell 2.8% to 8,107.

ISD LABOUR MARKET STATISTICS YEAR OVER YEAR

	Year to Dec 16 (Ave.)	Year to Dec 17 (Ave.)
EMPLOYMENT (000's)	143.9	142.3
UNEMPLOYMENT RATE (%)	6.6	5.1
PARTICIPATION RATE (%)	62.4	60.0
YOUTH UNEMPLOYMENT RATE (%)	16.8	10.7
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,339	8,107

LABOUR MARKET



Labour market results for the three months to December 2017.

- The average number of employed persons rose 2.9% to 146,800.
- The unemployment rate in the Illawarra was relatively steady, down 0.1% pts to 4.4%.
- The local participation rate increased 1.5% pts to 61.1%.
- The youth unemployment rate was up 2.7% pts to 9.6% over the quarter.
- The average number of persons receiving unemployment benefits fell 1.5% to 7,890.

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

	Sep 17 Qtr (Ave.)	Dec 17 Qtr (Ave.)
EMPLOYMENT (000's)	142.7	146.8
UNEMPLOYMENT RATE (%)	4.5	4.4
PARTICIPATION RATE (%)	59.7	61.1
YOUTH UNEMPLOYMENT RATE (%)	6.9	9.6
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,007	7,890

RENTAL MARKET



Growth in rent for units has continued to outpace growth in rent for houses over the past 12 months.

- The median rent for houses was \$550 per week, up 3.8% on the year to December 2016. Over the year the average number of houses advertised per week rose from 26 to 30.
- The median rent for units was up 4.9% to \$472 per week. The average number of units advertised per week increased from 30 to 35.
- Key results for the three months to December 2017:
 - The median rent for houses rose 1.3% to \$547 per week. The average number of houses advertised weekly fell from 39 to 29.
 - The median rent for units decreased 2.1% to \$460 per week while the average number of units advertised per week fell from 39 to 29.

RENTAL MARKET VALUES

		YEAR TO DEC 16	YEAR TO DEC 17	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	530	550	3.8
	AVERAGE WEEKLY LISTINGS (NO.)	26	30	15.4
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	282	320	13.5
	AVERAGE WEEKLY LISTINGS (NO.)	3	3	-
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	410	420	2.4
	AVERAGE WEEKLY LISTINGS (NO.)	15	17	13.3
UNITS 3BR UNF	MEDIAN WEEKLY RENTAL (\$)	530	550	3.8
	AVERAGE WEEKLY LISTINGS (NO.)	12	14	16.7
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	450	472	4.9
	AVERAGE WEEKLY LISTINGS (NO.)	30	35	16.7

RENTAL MARKET

Selected Areas

Looking at selected areas:

- For houses, Lake Heights to Windang saw the highest growth in rent, up 9.1% to \$480 per week. This was followed by Albion Park to Albion Park Rail, up 8.7% to \$500 per week.
- For units, Bulli/Woonona saw the highest growth in rent, up 16.3% to \$500 per week. This was followed by Kiama, up 12.2% to \$550 per week.

MEDIAN RENTS
FOR SELECTED
AREAS

YEAR TO
DEC
16

YEAR TO
DEC
17

YEARLY
CHANGE
(%)

HOUSES	Austinmer/Thirroul	700	700	-
	Bulli/Woonona	605	650	7.4
	Russell Vale to Fairy Meadow	550	580	5.5
	Wollongong to Figtree	540	575	6.5
	Unanderra to Mount Kembla	500	520	4.0
	Dapto/Kanahooka/Koonawarra	490	495	1.0
	Lake Heights to Windang	440	480	9.1
	Albion Park to Albion Park Rail	460	500	8.7
	Lake Illawarra Sth to Oak Flats	480	477	-0.6
	Shellharbour	597	600	0.5
UNITS/FLATS/TOWNHOUSES	Kiama	540	565	4.6
	Austinmer/Thirroul	550	550	-
	Bulli/Woonona	430	500	16.3
	Russell Vale to Fairy Meadow	420	430	-
	Wollongong to Figtree	460	480	4.3
	Unanderra to Mount Kembla	370	415	8.1
	Dapto/Kanahooka/Koonawarra	400	420	6.8
	Lake Heights to Windang	320	340	6.3
	Albion Park to Albion Park Rail	450	420	-6.7
	Lake Illawarra Sth to Oak Flats	420	410	0.5
UNITS/FLATS/TOWNHOUSES	Shellharbour	500	460	-2.0
	Kiama	490	540	12.2

PROPERTY



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

- The median sale price for houses increased 15.8% to \$660,000. The median sale price for units grew 11.0% to \$544,000 while the median land price increased 6.6% to \$385,000.
- Looking at the market for houses, Shellharbour LGA experienced the highest growth, up 20.4% to \$620,000. This was followed by Shoalhaven LGA, up 14.9% to \$488,250.
- For units, Kiama LGA recorded the highest growth, up 23.4% to \$629,500. This was followed by Wingecarribee LGA, up 14.6% to \$525,000.
- Results for land were mixed due to relatively fewer sales. Shoalhaven LGA saw the highest growth, up 26.4% to \$255,950.

MEDIAN PROPERTY VALUES

	YEAR TO DEC 16	YEAR TO DEC 17	YEARLY CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	570,000	660,000	15.8
WOLLONGONG LGA	595,000	665,000	11.8
SHELLHARBOUR LGA	515,000	620,000	20.4
KIAMA LGA	726,000	825,000	13.6
SHOALHAVEN LGA	425,000	488,250	14.9
WINGECARRIBEE LGA	570,000	650,000	14.0
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	490,000	544,000	11.0
WOLLONGONG LGA	500,000	550,000	10.0
SHELLHARBOUR LGA	450,000	500,000	11.1
KIAMA LGA	510,000	629,500	23.4
SHOALHAVEN LGA	345,000	385,000	11.6
WINGECARRIBEE LGA	458,000	525,000	14.6
LAND			
WOLLONGONG STATISTICAL DISTRICT	361,250	385,000	6.6
WOLLONGONG LGA	350,000	385,000	10.0
SHELLHARBOUR LGA	300,000	365,000	21.7
KIAMA LGA	473,500	449,999	-5.0
SHOALHAVEN LGA	202,500	255,950	26.4
WINGECARRIBEE LGA	320,000	360,000	12.5

PROPERTY



Results for the December 2017 quarter:

- The median sale price for houses in the WSD rose 3.9% to \$670,000 while the median sale price for units increased 4.6% to \$565,000.
- In the market for houses, Kiama LGA saw the highest quarterly growth, up 23.0% to \$922,500.
- For units, Wingecarribee LGA appreciated 18.9% to \$612,500.
- Quarterly results for land are not reported due to a low number of sales.

SALES

	YEAR TO DEC 17		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	4,251	1,720	326
WOLLONGONG LGA	2,753	1,307	189
SHELLHARBOUR LGA	1,122	279	100
KIAMA LGA	376	134	37
SHOALHAVEN LGA	2,506	208	463
WINGECARRIBEE LGA	687	134	203

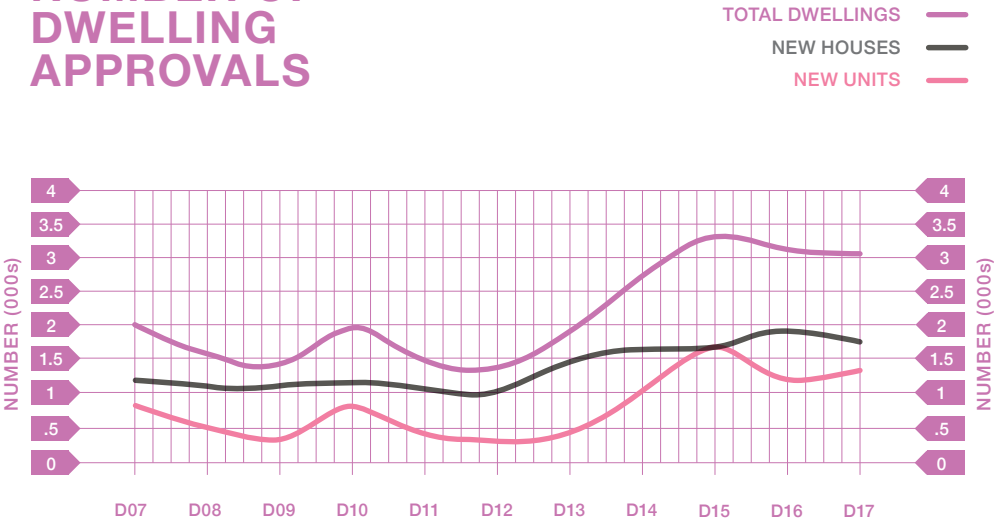
DWELLING APPROVALS



Unit approvals rebounded over the year to December 2017.

- A total of 3,065 dwellings were approved in the Illawarra during the year to December 2017, down 1.4% on the year to December 2016. This consisted of 1,740 houses (down 8.8%) and 1,325 units, flats and townhouses (up 10.5%).
- Across the WSD, dwelling approvals were relatively steady, up 0.6% to 2,201. Housing approvals were down 4.2% to 957 while unit approvals increased 5.5% to 1,064.
- Looking at the December 2017 quarter:
 - ISD approvals totalled 699, down 24.7% on the September quarter. This was driven by a slump in unit approvals, down 39.7% to 311, while housing approvals fell 5.8% to 388.

NUMBER OF DWELLING APPROVALS



DWELLING APPROVALS



- Wollongong LGA (1,129) accounted for 36.8% of total dwelling approvals (3,065) for the year to December 2017.
- Wollongong LGA and Wingecarribee LGA saw a higher number of unit approvals compared to housing approvals.

DWELLING APPROVALS BY LGA

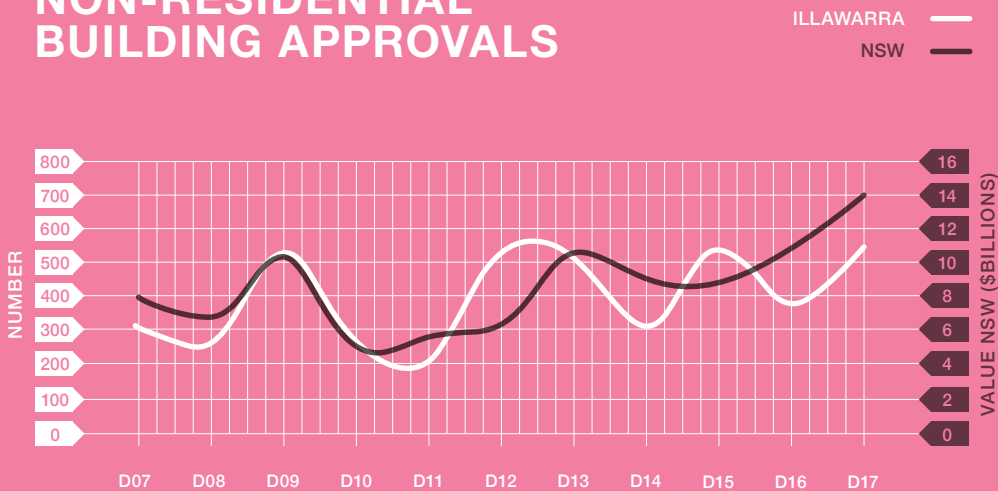
	YEAR TO QUARTER				
	D13	D14	D15	D16	D17
WOLLONGONG LGA	781	971	1,061	1,152	1,129
SHELLHARBOUR LGA	416	522	592	519	610
KIAMA LGA	32	73	92	337	282
SHOALHAVEN LGA	568	661	677	638	848
WINGECARRIBEE LGA	126	469	920	461	196

NON-RESIDENTIAL BUILDING APPROVALS

The value of non-residential building approvals in the Illawarra and at the NSW level strengthened over the year to December 2017.

- The value of Illawarra non-residential approvals totalled \$541.6 million, up 40.5% on the year to December 2016 (\$385.5 million). This was driven by a surge in public investment, up 107.3% to \$220.9 million, while private investment rose 15.0% to \$320.7 million.
- 54.6% of the aforementioned ISD investment was generated in the WSD (\$295.9 million). Meanwhile, there was \$13.9 billion of non-residential approvals during the year in NSW, up 27.8%.
- ISD sectors showing growth include hotels (to \$37.7 million), offices (to \$32.4 million), warehouses (to \$40.0 million) and miscellaneous (to \$162.5 million). Sectors which saw lower investment include aged care (to \$33.5 million), factories (to \$2.2 million) and transport (to \$160,000).

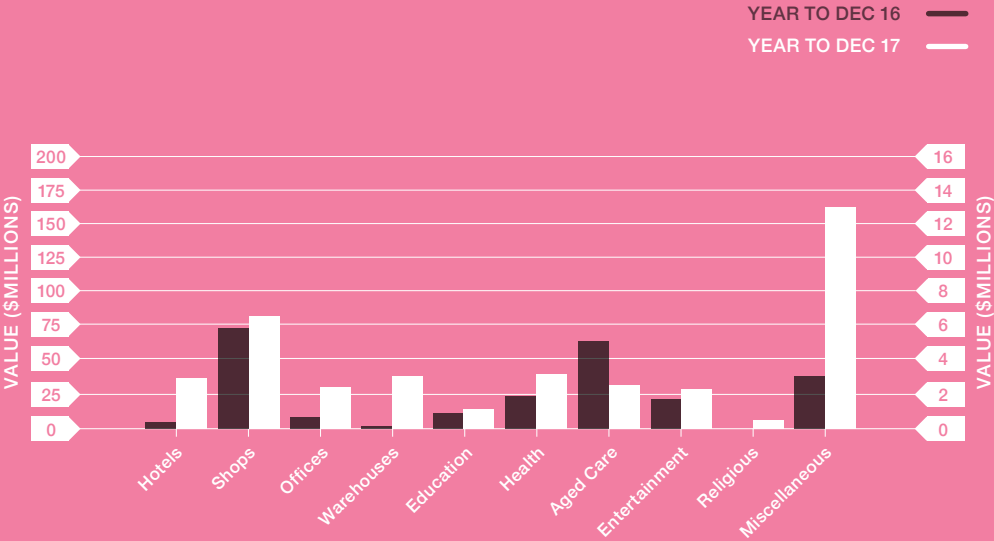
NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS

Key results for the three months to December:

- 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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