

PROFILE ILLAWARRA

JUNE 2018



HIGHLIGHTS



- Trading activity in the Illawarra was strong with a net 31.3% of local businesses experiencing higher trading activity.
- The *Illawarra Consumer Sentiment Index* lifted 2 pts to 86 pts over the year to June 2018. Meanwhile, Westpac's *Australian Consumer Sentiment Index* rose 6 pts to 102 pts.
- Coal production fell 29.1% to 9.8 million tonnes over the year to March 2018. Average employment was up 0.7% to 2,342, leaving yearly productivity down 29.5% to 4,186.3 tonnes per employee.
- Exports declined 38.1% to 8.1 million tonnes while imports lifted 12.4% to 14.9 million tonnes over the year to March 2018.
- Tourism expenditure in the South Coast region increased 2.9% to \$2.5 billion of the back of stronger domestic overnight tourism expenditure.

ANNUAL STATE OF THE REGION

HOUSE SALES	4,109
UNIT SALES	1,693
LAND LOT SALES	284
UNEMPLOYMENT	4.9%
YOUTH UNEMPLOYMENT	10.8%
EMPLOYED PERSONS	142,700

HIGHLIGHTS



- The unemployment rate in the Illawarra decreased 1.2% pts to 4.9% over the year while youth employment declined 3.4% pts to 10.8%.
- The median rent for houses in the Wollongong Statistical District (WSD) increased 3.8% to \$550 per week. The median rent for units rose 2.2% to \$470 per week.
- The WSD property market saw strong growth with the median sale price for houses up 9.9% to \$665,000 (4,109 sales) and for units up 12.7% to \$555,000 (1,693 sales).
- Unit approvals in the Illawarra lifted 57.4% to 1,675 while approvals for houses fell 3.9% to 1,851.
- The value of non-residential approvals in the Illawarra over the year to March 2018 was relatively steady, down 0.2% on the year to March 2017 (\$462.5 million).

TONNES OF COAL	9.8 MILLION
TONNES OF EXPORTS	8.1 MILLION
TONNES OF IMPORTS	14.9 MILLION
DOMESTIC VISITOR NIGHTS	12.2 MILLION
NON-RES BUILDING APPROVALS	\$461.6 MILLION

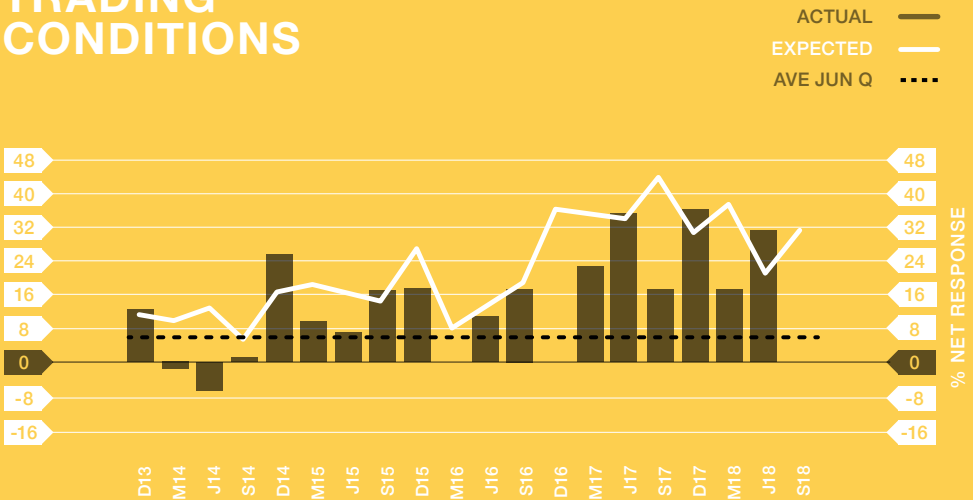
TRADING CONDITIONS

For the second consecutive quarter local trading activity was well above average but down compared to 2017 levels.

31.3% (net) of Illawarra businesses reported higher trading activity during the June 2018 quarter. This result is 4.1% pts lower than this time last year but sits 25.4% pts above the long-term average for the June quarter.

Expectations for the upcoming September 2018 quarter are on par with current results. A net 31.3% anticipate higher trading activity in the next three months, down 12.7% pts on the September 2017 expectation but 17.7% pts above the long-term average.

TRADING CONDITIONS



CONSUMER SENTIMENT

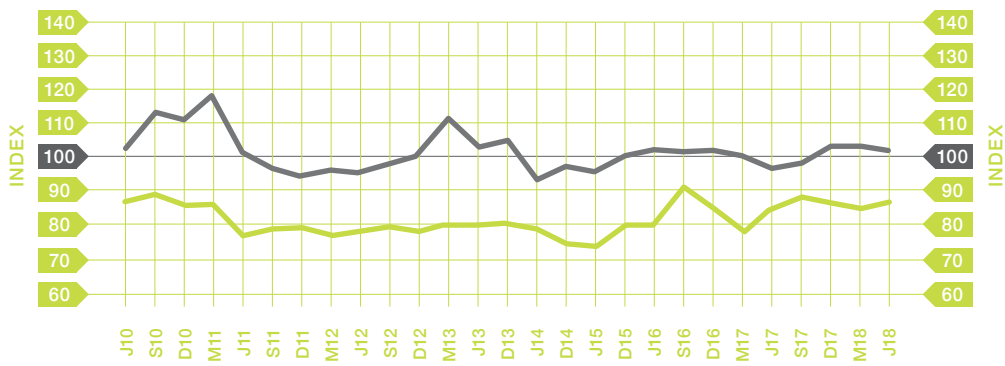


Consumer sentiment in the Illawarra has improved compared to this time last year.

- The *Illawarra Consumer Sentiment Index* rose 2 pts to 86 pts since the June 2017 quarter. This result sits 1 pt above the long-term average for the quarter and has continued the upward trend in the index since the March 2017 quarter.
- This was driven by improved perceptions of the future financial position of Illawarra households, local job availability and national economic conditions.
- Westpac's *Australian Consumer Sentiment Index* lifted 6 pts to 102 pts over the year to June 2018.

CONSUMER SENTIMENT

AUSTRALIA —
ILLAWARRA —



TRADE



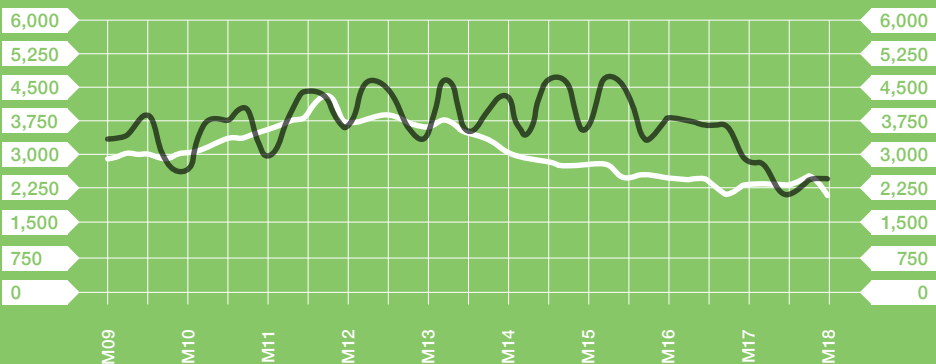
SOUTHERN MINES COAL PRODUCTION

Steady employment and lower production caused productivity to decline over the year to March 2018.

- A total of 9.8 million tonnes was produced during the year to March 2018, down 29.1% on the year to March 2017. Over the same timeframe average employment was relatively steady, up 0.7% to 2,342.
- The results combined to leave yearly productivity down 29.5% to 4,186.3 tonnes per employee.
- During the three months to March 2018:
 - A total of 2.5 million tonnes was produced, up 2.7% on the December 2017 quarter. Average employment was down 15.1% to 2,166.
 - As a result, quarterly productivity increased 21.0% to 1,154.6 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION

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



TRADE



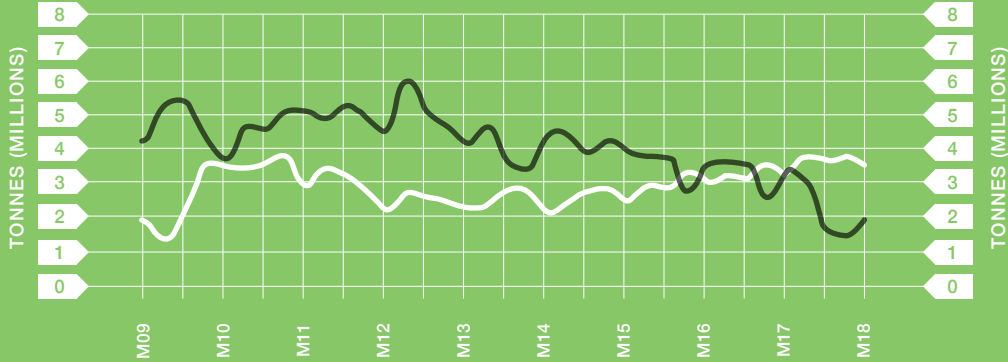
PORT KEMBLA TRADE

There was a reduction in the negative trade balance during the March 2018 quarter.

- Exports declined 38.1% to 8.1 million tonnes during the year to March 2018.
- There was a 12.4% lift in imports to 14.9 million tonnes over the same period.
- During the three months to March 2018:
 - Exports rebounded, up 29.3% to 1.9 million tonnes.
 - Imports were down 5.5% to 3.6 million tonnes during the quarter.

PORT KEMBLA TRADE

TOTAL IMPORTS —
TOTAL EXPORTS —



TOURISM

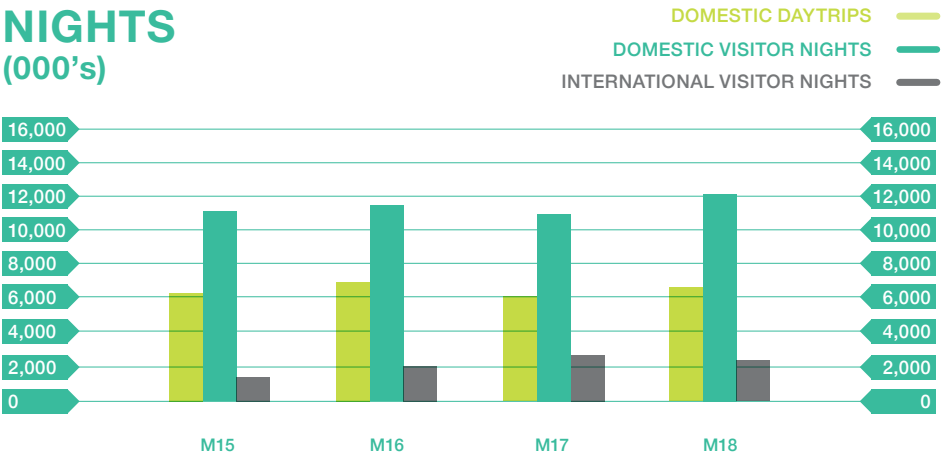


The latest data from Destination NSW for the South Coast region shows that total tourism expenditure is increasing despite falling domestic daytrip and international spending.

- The average daytrip visitor spent \$88, down 12.8% on the year to March 2017. The number of daytrip visitors rose 8.4% to 6.7 million. These results combined to leave daytrip expenditure down 5.5% to \$588 million.
- 3.8 million domestic overnight travellers visited the region during the year to March 2018, up 7.5%. These visitors spent 12.2 million nights in the region, up 10.6%. Per night spend was down 3.3% to \$147. Overall, domestic overnight tourism expenditure totalled \$1.8 billion, up 6.9%.

	Year to Mar 16	Year to Mar 18	Change (%)
Domestic Daytrips	6,153	6,668	8.4
Domestic Visitor Nights	10,989	12,154	10.6
International Visitor Nights	2,648	2,393	-9.6

NIGHTS (000's)



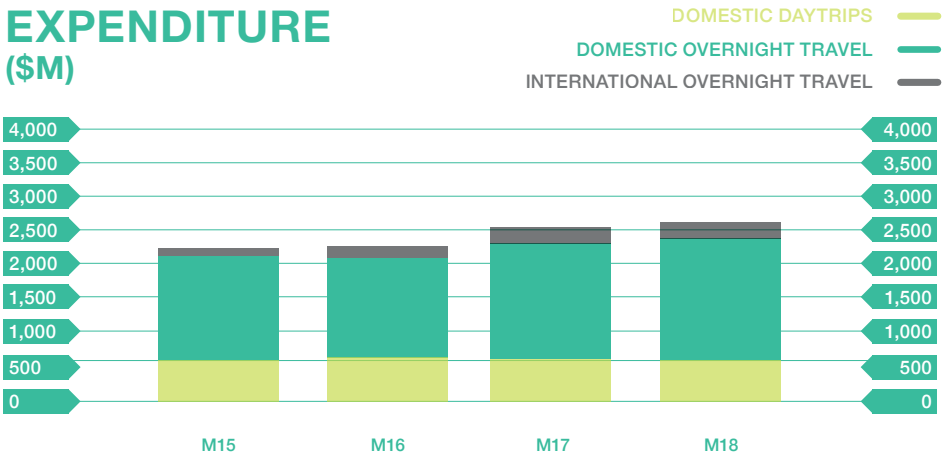
TOURISM



- Over the same timeframe, 185,000 international tourists visited the South Coast region, up 14.2%. Nights spent in the region were down 9.6% to 2.4 million while average per night spend rose 4.2% to \$100. As a result, international expenditure fell 3.3% to \$232 million.
- Overall, tourism expenditure totalled 2.6 billion, up 2.9% on the year to March 2017 (\$2.5 billion). The boost in domestic overnight travel expenditure compensated for the falls in domestic daytrip and international overnight expenditure.

	Year to Mar 17	Year to Mar 18	Change (%)
Domestic Daytrips	622	588	-5.5
Domestic Visitor Nights	1,672	1,788	6.9
International Visitor Nights	240	232	-3.3
Total	2,534	2,608	2.9

EXPENDITURE (\$M)



LABOUR MARKET

Lower workforce participation was the main contributor to a lower unemployment rate over the year.

- On average, 142,700 persons were employed in the Illawarra, down 0.5% on the year to March 2017.
- The local unemployment rate was down 1.2% pts to 4.9% over the year.
- The participation rate in the Illawarra fell 1.8% pts to 59.8%.
- The youth unemployment rate also saw improvement, down 3.4% pts to 10.8%.
- The average number of persons receiving unemployment benefits in the Illawarra was down 1.6% to 8,032.

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

	Year to Mar 17 (Ave.)	Year to Mar 18 (Ave.)
EMPLOYMENT (000's)	143.4	142.7
UNEMPLOYMENT RATE (%)	6.1	4.9
PARTICIPATION RATE (%)	61.6	59.8
YOUTH UNEMPLOYMENT RATE (%)	14.2	10.8
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,161	8,032

LABOUR MARKET



Labour market results for the three months to March 2018:

- The average number of employed persons fell 3.7% to 141,400.
- The unemployment rate lifted 0.5% pts to 4.9%.
- The local participation rate fell 2.1% to 59.0%.
- The youth unemployment rate continued to fluctuate, increasing 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

	Dec 17 Qtr (Ave.)	Mar 18 Qtr (Ave.)
EMPLOYMENT (000's)	146.8	141.4
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 past 12 months.

- The median rent for houses was \$550 per week, up 3.8% on the year to March 2018. Over the year the average number of houses advertised per week rose from 29 to 30.
- The median rent for units increased 2.2% to \$470 per week. The average number of units advertised per week rose from 32 to 37.
- Key results for the three months to March 2018:
 - The median rent for houses rose 0.5% to \$550 per week over the quarter. The average number of houses advertised weekly increased from 24 to 35.
 - The median rent for units was down 5.8% to \$450 per week. The average number of units advertised per week increased from 29 to 42.

RENTAL MARKET VALUES

		YEAR TO MAR 17	YEAR TO MAR 18	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	550	550	3.8
	AVERAGE WEEKLY LISTINGS (NO.)	29	30	3.4
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	290	300	3.4
	AVERAGE WEEKLY LISTINGS (NO.)	3	4	33.3
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	400	420	5.0
	AVERAGE WEEKLY LISTINGS (NO.)	15	19	26.7
UNITS 3BR UNF	MEDIAN WEEKLY RENTAL (\$)	540	550	1.9
	AVERAGE WEEKLY LISTINGS (NO.)	13	14	7.7
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	460	470	2.2
	AVERAGE WEEKLY LISTINGS (NO.)	32	37	15.6

RENTAL MARKET

Selected Areas

Looking at
selected areas:

- For houses, Kiama saw the highest growth in rent, up 10.1% to \$600 per week. This was followed by Unanderra to Mount Kembla, up 10.0% to \$550 per week.
- For units, Unanderra to Mount Kembla saw the highest growth in rent, up 12.0% to \$420 per week. This was followed by Lake Illawarra South to Oak Flats, up 11.3% to \$445 per week.

MEDIAN RENTS FOR SELECTED AREAS		YEAR TO MAR 17	YEAR TO MAR 18	YEARLY CHANGE (%)
HOUSES	Austinmer/Thirroul	720	700	-2.8
	Bulli/Woonona	620	650	4.8
	Russell Vale to Fairy Meadow	550	592	7.6
	Wollongong to Figtree	550	582	5.8
	Unanderra to Mount Kembla	500	550	10.0
	Dapto/Kanahooka/Koonawarra	500	490	-2.0
	Lake Heights to Windang	460	480	4.3
	Albion Park to Albion Park Rail	470	500	6.4
	Lake Illawarra Sth to Oak Flats	480	490	2.1
	Shellharbour	600	600	0.0
UNITS/FLATS/TOWNHOUSES	Kiama	545	600	10.1
	Austinmer/Thirroul	567	570	0.5
	Bulli/Woonona	480	500	4.2
	Russell Vale to Fairy Meadow	420	415	-1.2
	Wollongong to Figtree	470	480	2.1
	Unanderra to Mount Kembla	375	420	12.1
	Dapto/Kanahooka/Koonawarra	420	450	7.1
	Lake Heights to Windang	320	350	9.4
	Albion Park to Albion Park Rail	440	420	-4.5
	Lake Illawarra Sth to Oak Flats	400	445	11.3
UNITS/FLATS/TOWNHOUSES	Shellharbour	460	510	10.9
	Kiama	525	527	0.4

PROPERTY



The property market saw strong growth across the Illawarra over the year to March 2018.

- The median sale price for houses in the WSD rose 9.9% to \$665,000. This median sale price for units lifted 12.7% to \$555,000 while the median land price grew 4.0% to \$390,000.
- Looking at the market for houses, Shellharbour LGA experienced the highest growth, up 16.4% to \$625,000. This was followed by Wingecarribee LGA, up 12.1% to \$660,000.
- For units, Wingecarribee LGA recorded the highest growth, up 14.0% to \$570,000. This was followed by Wollongong LGA, up 13.0% to \$565,000.
- Looking at median land prices, Wingecarribee LGA was up 32.8% to \$425,000. This was followed by Kiama LGA, up 15.0% to \$494,500.

MEDIAN PROPERTY VALUES

	YEAR TO MAR 17	YEAR TO MAR 18	YEARLY CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	605,000	665,000	9.9
WOLLONGONG LGA	620,000	672,750	8.5
SHELLHARBOUR LGA	537,000	625,000	16.4
KIAMA LGA	760,000	840,000	10.5
SHOALHAVEN LGA	450,000	500,000	11.1
WINGECARRIBEE LGA	589,000	660,000	12.1
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	492,250	555,000	12.7
WOLLONGONG LGA	500,000	565,000	13.0
SHELLHARBOUR LGA	455,000	510,000	12.1
KIAMA LGA	560,000	629,000	12.3
SHOALHAVEN LGA	385,000	397,000	3.1
WINGECARRIBEE LGA	500,000	570,000	14.0
LAND			
WOLLONGONG STATISTICAL DISTRICT	375,000	390,000	4.0
WOLLONGONG LGA	370,000	392,000	5.9
SHELLHARBOUR LGA	340,000	378,000	11.2
KIAMA LGA	430,000	494,500	15.0
SHOALHAVEN LGA	220,000	245,000	11.4
WINGECARRIBEE LGA	320,000	425,000	32.8

PROPERTY



Results for the March 2018 quarter:

- The median sale price for houses in the WSD decreased 1.2% to \$662,000 while the median sale price for units fell 2.6% to \$560,000.
- In the market for houses, Shoalhaven LGA saw the highest quarterly growth, up 7.9% to \$539,500.
- For units, Kiama LGA appreciated 2.4% to \$630,000.
- Quarterly results for land are not reported due to a low number of sales.

SALES

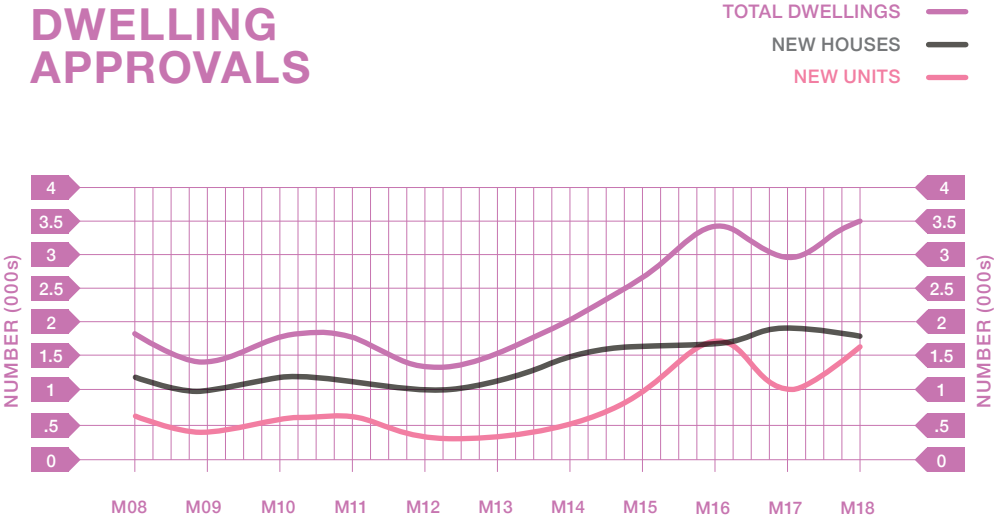
	YEAR TO MAR 18		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	4,109	1,693	284
WOLLONGONG LGA	2,658	1,274	161
SHELLHARBOUR LGA	1,078	282	91
KIAMA LGA	373	137	32
SHOALHAVEN LGA	2,364	190	495
WINGECARRIBEE LGA	686	123	170

DWELLING APPROVALS

Unit approvals have rebounded in the year to March 2018, compensating for a decline in approvals for houses.

- A total of 3,526 dwellings were approved in the Illawarra during the year to March 2018. This consisted of 1,851 houses (down 3.9%) and 1,675 units, flats and townhouses (up 57.4%).
- Across the WSD, dwelling approvals increased 17.3% to 2,342. This was driven by a surge in unit approvals, up 59.0% to 1,412. Housing approvals were down 16.1% to 930.
- Looking at the March 2018 quarter:
 - ISD approvals totalled 1,020, up 45.9% on the December 2017 quarter. Unit approvals rose 63.3% to 508 while housing approvals rose 32.0% to 512.

NUMBER OF DWELLING APPROVALS



DWELLING APPROVALS



- Wollongong LGA (1,473) accounted for 41.8% of the total dwelling approvals (3,526) for the year to March 2018.
- Wollongong LGA, Shellharbour LGA and Wingecarribee LGA saw a higher number of unit approvals compared to housing approvals.

DWELLING APPROVALS BY LGA

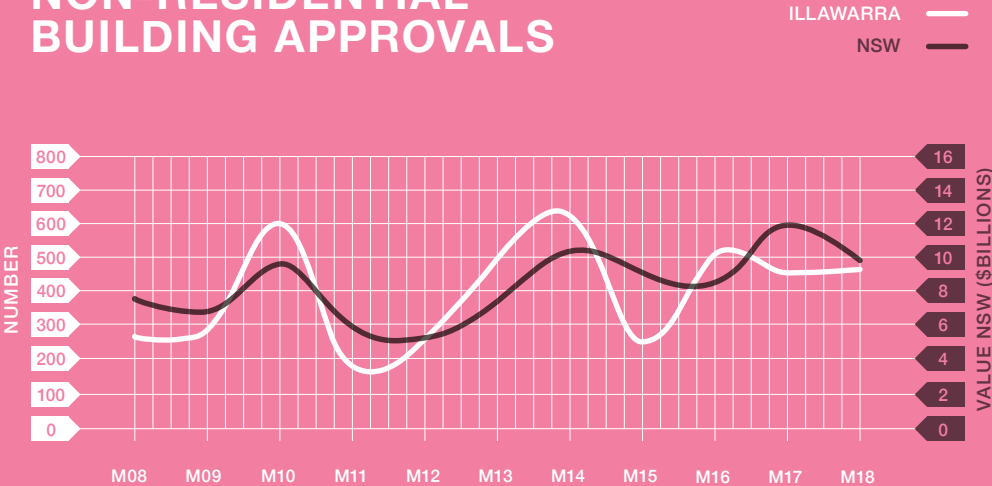
	YEAR TO QUARTER				
	M14	M15	M16	M17	M18
WOLLONGONG LGA	830	928	1,165	1,052	1,473
SHELLHARBOUR LGA	415	519	587	560	578
KIAMA LGA	66	43	88	385	291
SHOALHAVEN LGA	562	689	688	613	963
WINGECARRIBEE LGA	195	468	925	381	221

NON-RESIDENTIAL BUILDING APPROVALS

Commercial building approvals have not experienced the same level of growth as the residential market.

- The value of non-residential approvals totalled \$461.6 million, down 0.2% on the year to March 2017 (\$462.5 million). This result was driven by a surge in public investment, up 85.9% to \$208.1 million, while private investment fell 27.7% to \$253.6 million.
- 49.7% of the aforementioned ISD investment was generated in the WSD (\$229.4 million). Meanwhile, there was \$13.8 billion of non-residents approvals during the year in NSW, up 14.7%.
- ISD sectors showing growth include health (to \$42.8 million), hotels (to \$25.7 million), warehouses (to \$27.8 million) and miscellaneous (to \$156.7 million). Sectors which saw lower investment include shops (to \$48.7 million) and aged care (to \$33.5 million).

NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS

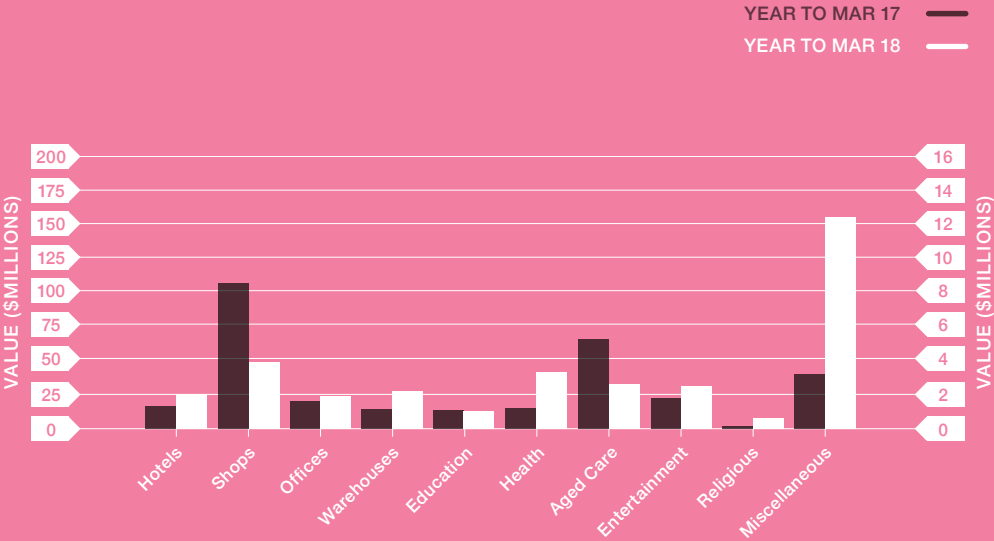


NON-RESIDENTIAL BUILDING APPROVALS



Key results for the three months to March 2018:

- ISD non-residential approvals declined 62.1% to \$41.3 million.
- 84.8% of the aforementioned ISD investment was generated in the WSD (\$84.8 million).





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Report 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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