

# REAL ESTATE REPORT

DECEMBER 2018





# SUMMARY

- There has been moderate growth in property prices across the Wollongong Statistical District (WSD) over the year to September 2018. The median sale price for units increased 4.8% to \$550,000 and outperformed growth in prices for houses and land.
- In the rental market, the median rent for houses rose 3.7% to \$560 per week while the median rent for units saw a higher increase, up 13.8% to \$535 per week.
- Looking at the commercial building sector, the value of non-residential approvals in the WSD saw a 39.3% boost to \$312.3 million. Across the wider Illawarra Statistical District (ISD), the value of commercial approvals fell 24.3% to \$380.2 million. This was due to significant falls in commercial investment in Shoalhaven and Wingecarribee over the year.
- Dwelling approvals in the WSD during the year to September 2018 totaled 2,488, up 34.3%. Over the same period the number of dwelling approvals in the ISD lifted 26.8% to 3,824.

## SUMMARY

	YR TO S17	YR TO S18	CHANGE (%)
<strong>WOLLONGONG STATISTICAL DISTRICT</strong>			
Median House Price (\$)	645,000	655,000	1.6
Median Flat/unit Price (\$)	525,000	550,000	4.8
Median Land Price (\$)	376,500	383,000	1.7
Median Weekly Rent Houses (\$)	540	560	3.7
Median Weekly Rent Units (\$)	470	535	13.8
Non-res Building (\$m)	224.2	312.3	39.3
Dwelling Approvals (No.)	1,853	2,488	34.3
<strong>ILLAWARRA STATISTICAL DISTRICT</strong>			
Non-res Building (\$m)	502.5	380.2	-24.3
Dwelling Approvals (No.)	3,016	3,824	26.8



# WOLLONGONG STATISTICAL DISTRICT

There was low growth in property prices across the WSD during the September 2018 quarter.

- The median sale price for houses was unchanged at \$650,000.
- The median sale price for units was up 0.5% to \$560,000.
- The median sale price for land increased 1.4% to \$360,000 over the quarter.

WOLLONGONG STATISTICAL DISTRICT	MAR 18 QTR	JUN 18 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	650,000	650,000	-
Median Flat/unit Price (\$)	557,000	560,000	0.5
Median Land Price (\$)*	355,000	360,000	1.4

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

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



# HOUSING PRICES

There has been moderate growth in median sale prices for houses across the Illawarra during the year despite a generally weak September 2018 quarter.

- Kiama LGA experienced the highest growth in median sale price, up 5.0% to \$834,500. This was followed by Wingecarribee LGA, up 4.8% to \$650,000.
- Wollongong LGA saw the lowest growth, up 2.3% to \$665,000.
- Results for the September 2018 quarter:
  - Shellharbour LGA was the only local government area to experience a quarterly increase, up 2.0% to \$622,250.
  - The median sale price for Kiama LGA was down 12.8% to \$810,000.

# FLAT/UNIT PRICES

Growth in median sale price for units for Wingecarribee LGA outperformed all other Illawarra local government areas over the year.

- Wingecarribee LGA saw the highest growth in median sale price, up 14.0% to \$570,000. This was followed by Wollongong LGA, up 4.7% to \$550,000.
- Kiama LGA saw the lowest growth, up 1.4% to \$637,500.
- Results for the September 2018 quarter:
  - Wingecarribee LGA saw the highest quarterly growth, up 14.8% to \$735,000. This was followed by Shoalhaven LGA, up 7.3% to \$405,000.
  - The median sale price for Wollongong LGA declined 1.8% to \$560,000 over the quarter.

# LAND PRICES

There was varied growth in land prices across the Illawarra.

- Shellharbour LGA saw the highest growth in median sale price for land, up 15.4% to \$349,000. This was followed by Kiama LGA, up 10.2% to \$471,000.
- Conversely, Shoalhaven LGA experienced the lowest growth, up 1.2% to \$258,000.
- Quarterly results for land prices are not reported due to the low number of sales.



## HOUSE PRICES

	YR TO S17	YR TO S18	CHANGE (%)
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

## FLAT/UNIT PRICES

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 PRICES\*

Wollongong LGA	385,000	397,500	3.2
Shellharbour LGA	302,500	349,000	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

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 S18	CHANGE (%)
Austinmer/Thirroul	1,090,500	1,140,000	4.5
Bulli/Woonona	900,000	885,000	-1.7
Russell Vale to Fairy Meadow	900,000	780,000	-13.3
Wollongong to Figtree	725,000	730,000	0.7
Unanderra to Mt Kembla	600,000	622,500	3.8
Dapto/Kanahooka/Koonawarra	565,000	573,200	1.5
Lake Heights to Windang	530,000	542,000	2.3
Lake Illawarra Sth to Oak Flats	565,000	590,000	4.4
Shellharbour	800,000	802,500	0.3
Kiama	785,000	858,326	9.3

## FLAT/UNIT PRICES

Bulli/Woonona	630,000	663,250	5.3
Russell Vale to Fairy Meadow	520,000	536,000	3.1
Wollongong to Figtree	520,000	561,000	7.9
Dapto/Kanahooka/Koonawarra	482,500	550,000	14.0
Lake Illawarra Sth to Oak Flats	468,000	520,000	11.1
Shellharbour	530,000	590,000	11.3
Kiama	635,250	640,000	0.7

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



# RESIDENTIAL BUILDING APPROVALS

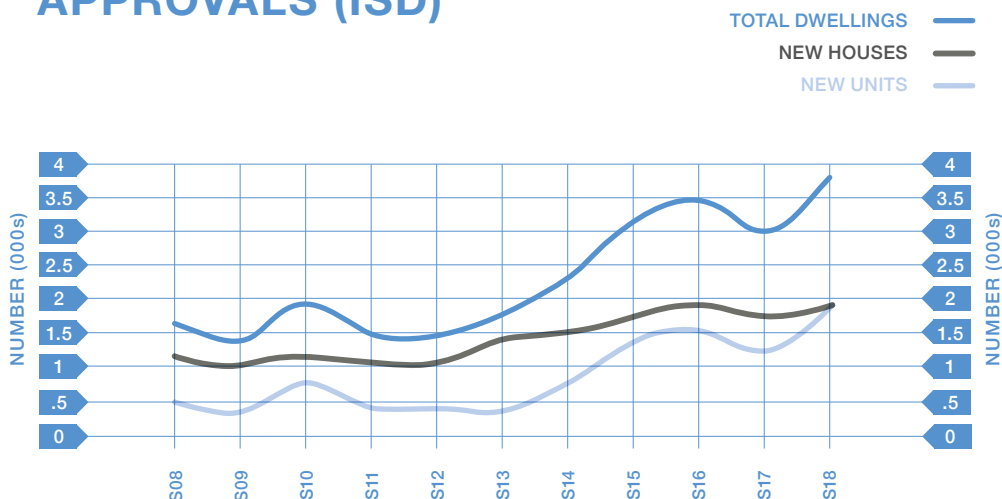
Dwelling approvals rebounded in the year to September 2018 on the back of a strong increase in approvals for units, flats and townhouses.

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 (ISD)



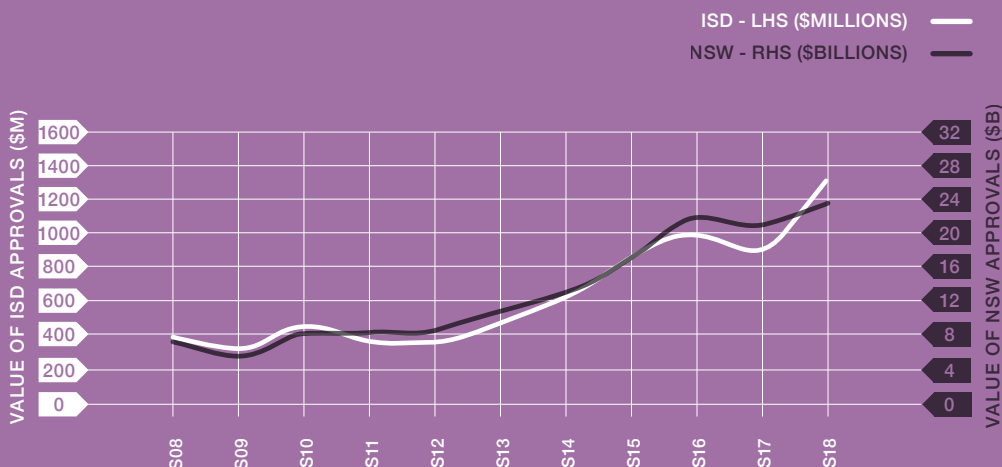


# COST OF RESIDENTIAL BUILDING APPROVALS

The value of residential approvals in the Illawarra was up year-on-year. However, the September 2018 quarter was weaker than the June 2018 quarter.

- The value of dwelling approvals in the Illawarra rose 45.3% to \$1.3 billion over the year to September 2018. This was driven by a 71.5% increase in the value of unit approvals to \$544.4 million. Over the same timeframe the value of NSW approvals increased 11.9% to \$23.3 billion.
- The value of residential building approvals in the WSD lifted 50.2% to \$838.8 million. The value of unit approvals increased 77.3% to \$428.5 million while housing approvals were up 15.5% to \$366.0 million.
- Looking at the September 2018 quarter, the value of ISD approvals declined 17.4% to \$294.7 million. This was driven by a 44.6% fall in the value of unit approvals to \$96.8 million during the quarter. Meanwhile, the value of WSD approvals fell 12.1% to \$173.8 million while NSW approvals were relatively steady, down 0.3% to \$5.4 billion.

## VALUE OF DWELLING APPROVALS



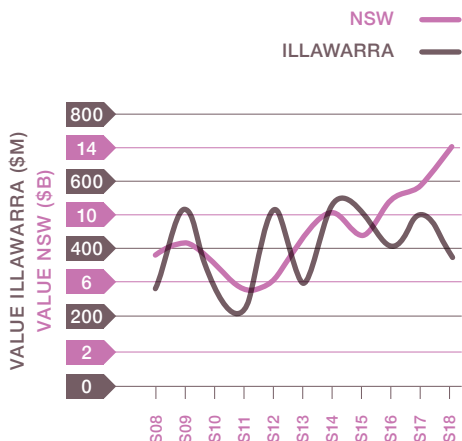


# NON-RESIDENTIAL BUILDING APPROVALS

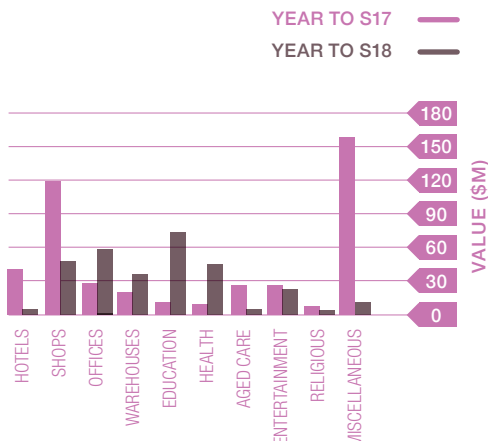
The value of commercial building approvals in the ISD and NSW has continued to trend in opposite directions.

- 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).
- 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).

## VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



## NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR





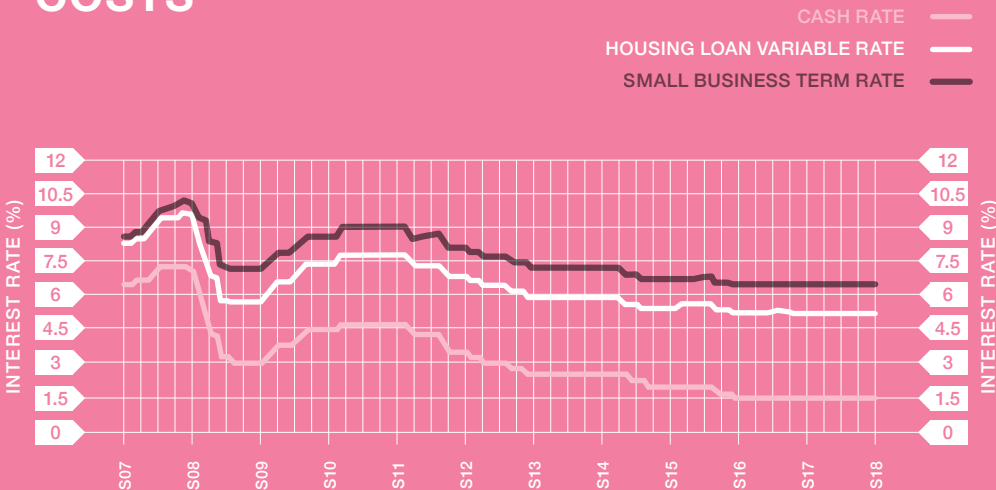
# BORROWING COSTS

There was a small increase in the housing loan variable rate during the September 2018 quarter.

- The Reserve Bank of Australia has kept the cash rate at 1.50% since August 2016.
- The housing loan variable rate increased 10 basis points to 5.30% in September 2018.
- The small business term rate was unchanged at 6.45% over the September 2018 quarter.

Source: IRIS/ABS Building Approval Statistics

## BUSINESS FINANCING COSTS





# RENTAL MARKET

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

- Median rent for houses rose 3.7% to \$560 per week. The average number of houses advertised for rent per week fell from 32 to 31.

- Median rent for units lifted 13.8% to \$535 per week over the year. The average number of units advertised per week fell from 36 to 30.

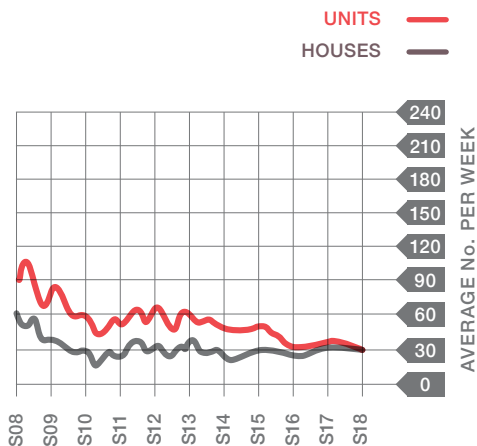
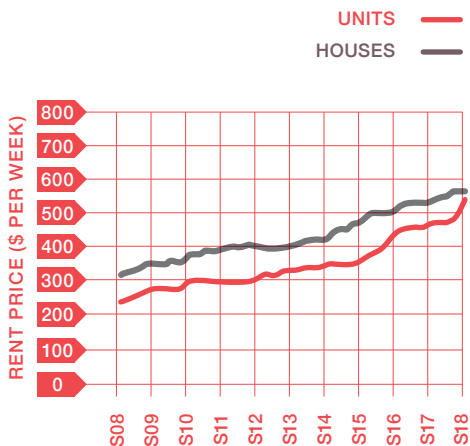
## Key results for the three months to September 2018:

- The median rent for houses increased 1.8% to \$560 per week. The average number of houses advertised fell from 34 to 31 over the quarter.
- The median rent for units was unchanged at \$550 per week. The average number of units advertised fell from 24 to 23 over the quarter.

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:

Unanderra to Mount Kembla recorded the highest RROI at 4.7%. This was followed by Dapto/Kanahooka/Koonawarra (4.5%) and Lake Heights to Windang (4.5%).

Austinmer/Thirroul saw the lowest RROI at 3.3%. The next lowest was Kiama (3.7%).

In the rental market for flats/units:

Lake Illawarra South to Oak Flats recorded the highest RROI at 4.6%. This was followed by Wollongong to Figtree (4.5%) and Shellharbour (4.5%).  
Bulli/Woonona (4.0%) saw the lowest RROI.

## HOUSE RENTAL PRICES

YR TO  
S17 YR TO  
S18 RROI  
(%)

Austinmer/Thirroul	695	720	3.3
Bulli/Woonona	650	650	3.8
Russell Vale to Fairy Meadow	550	585	3.9
Wollongong to Figtree	567	575	4.1
Unanderra to Mt Kembla	520	560	4.7
Dapto/Kanahooka/Koonawarra	500	500	4.5
Lake Heights to Windang	500	472	4.5
Lake Illawarra Sth to Oak Flats	480	500	4.4
Shellharbour	610	620	4.0
Kiama	550	605	3.7

## FLAT/UNIT RENTAL PRICES

YR TO  
S17 YR TO  
S18 RROI  
(%)

Bulli/Woonona	520	510	4.0
Russell Vale to Fairy Meadow	430	420	4.1
Wollongong to Figtree	480	490	4.5
Dapto/Kanahooka/Koonawarra	422	455	4.3
Lake Illawarra Sth to Oak Flats	410	460	4.6
Shellharbour	460	510	4.5
Kiama	545	540	4.4



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#### **Report Notes**

The Illawarra Real Estate Report is produced quarterly by IRIS Research 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 Research database.

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