

REAL ESTATE REPORT

SEPTEMBER 2018





SUMMARY

• Solid growth in median property prices across the Wollongong Statistical District (WSD) has continued over the year to June 2018, though there is evidence of slowing in the rate of growth. The median sale price for units has grown 6.9% to \$540,000 while the median sale price for houses rose 4.0% to \$655,000. The median land price was up 3.5% to \$383,000.

• In the rental market, the median rent for houses lifted 5.7% to \$560 per week with the median rent for units increasing 4.3% to \$480 per week.

• For the commercial building sector, the value of non-residential approvals in the WSD rose 26.8% to \$251.7 million. Across the wider Illawarra Statistical District (ISD), the value of commercial approvals declined 31.5% to \$231.3 million.

• Dwelling approvals in the WSD over the year totalled 2,539, up 46.1% on the year to June 2018. Over the same period dwelling approvals in the ISD rose 31.8% to 3,825.

SUMMARY

WOLLONGONG STATISTICAL DISTRICT		YR TO J17	YR TO J18	CHANGE (%)
Median House Price (\$)		630,000	655,000	4.0
Median Flat/unit Price (\$)		505,000	540,000	6.9
Median Land Price (\$)		370,000	383,000	3.5
Median Weekly Rent Houses (\$)		530	560	5.7
Median Weekly Rent Units (\$)		460	480	4.3
Non-res Building (\$m)		198.4	251.7	26.8
Dwelling Approvals (No.)		1,738	2,539	46.1
ILLAWARRA STATISTICAL DISTRICT				
Non-res Building (\$m)		469.3	321.3	-31.5
Dwelling Approvals (No.)		2,903	3,825	31.8



WOLLONGONG STATISTICAL DISTRICT

There has been moderate growth in the median sale price for both houses and units during the June 2018 quarter.

- The median sale price for houses was up marginally 0.8% to \$650,000.
- The median sale price for units also experienced a small increase of 0.4% to \$557,000.
- Land prices for the quarter jumped 24.6% to \$355,000.

WOLLONGONG STATISTICAL DISTRICT	MAR 18 QTR	JUN 18 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	644,990	650,000	0.8
Median Flat/unit Price (\$)	550,000	557,000	0.4
Median Land Price (\$)*	285,000	355,000	24.6

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 to June 2018.

- Shoalhaven LGA experienced the highest growth in median sale price, up 6.3% to \$489,000. This was followed by Shellharbour LGA, up 5.6% to \$607,000.

- Wollongong LGA saw the lowest growth at 4.7% to \$665,000.

Results for the June 2018 quarter:

- Kiama LGA experienced the highest quarterly growth, up 23.8% to \$928,500.
- Shellharbour LGA was down 2.0% to \$610,000.

FLAT/UNIT PRICES

Median sale prices for units saw higher growth compared to houses over the year.

- Wingecarribee LGA saw the highest growth, up 12.5% to \$562,538. This was followed by Wollongong LGA, up 7.9% to \$545,000.

- Shoalhaven LGA showed the smallest growth in median house prices amongst the Illawarra local government areas, up 2.7% to \$388,000.

Results for the June 2018 quarter:

- Shellharbour LGA saw the highest quarterly growth, up 9.6% to \$525,000. This was followed by Kiama LGA (up 5.2% to \$662,500).
- Wollongong LGA was up 1.8% to \$570,000, the lowest of any LGA.

LAND PRICES

Growth in land prices varied across the Illawarra.

- The largest increases in land prices occurred in the Shellharbour LGA, up 20.9% to \$362,500 followed by the Kiama LGA, up 9.4% to \$470,500.

- On the lower end of the scale, Wollongong LGA recorded a modest gain of 2.6% to \$395,000.

- Quarterly results for land prices are not reported due to the low number of sales.

HOUSE PRICES

	YR TO J17	YR TO J18	CHANGE (%)
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

FLAT/UNIT PRICES

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 PRICES*

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

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 J17	YR TO J18	CHANGE (%)
Austinmer/Thirroul	1,050,000	1,100,000	4.8
Bulli/Woonona	880,000	905,000	2.8
Russell Vale to Fairy Meadow	750,000	780,000	4.0
Wollongong to Figtree	721,000	730,000	1.2
Unanderra to Mt Kembla	577,500	645,000	11.7
Dapto/Kanahooka/Koonawarra	550,000	576,000	4.7
Lake Heights to Windang	497,500	565,000	13.6
Lake Illawarra Sth to Oak Flats	550,000	590,000	7.3
Shellharbour	764,000	810,000	6.0
Kiama	785,000	840,000	7.0

FLAT/UNIT PRICES

Bulli/Woonona	620,000	635,000	2.4
Russell Vale to Fairy Meadow	505,000	535,000	5.9
Wollongong to Figtree	500,000	505,000	1.9
Dapto/Kanahooka/Koonawarra	480,000	560,000	16.7
Lake Illawarra Sth to Oak Flats	489,500	470,000	-4.0
Shellharbour	515,000	565,000	9.7
Kiama	600,000	650,000	8.3

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

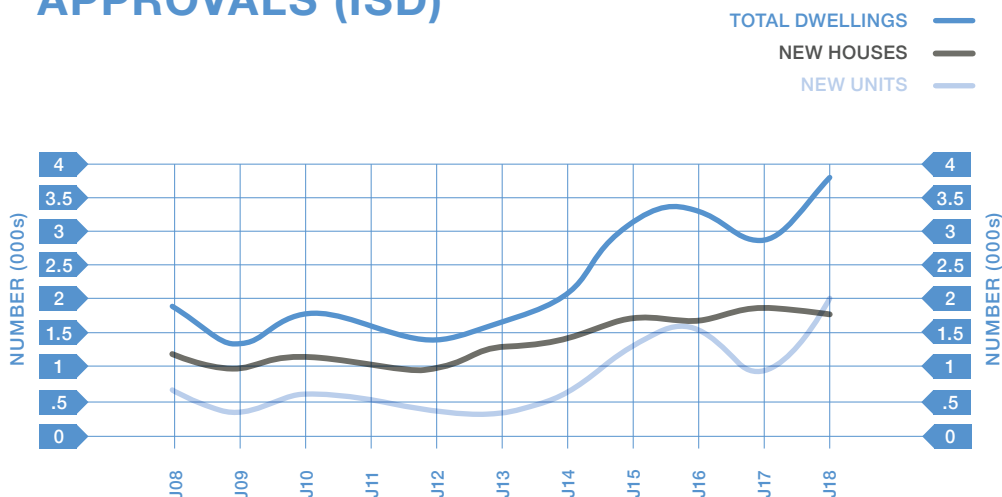


RESIDENTIAL BUILDING APPROVALS

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 increased 34.1% to 681 while housing approvals were down 2.9% to 497.

NUMBER OF DWELLING APPROVALS (ISD)



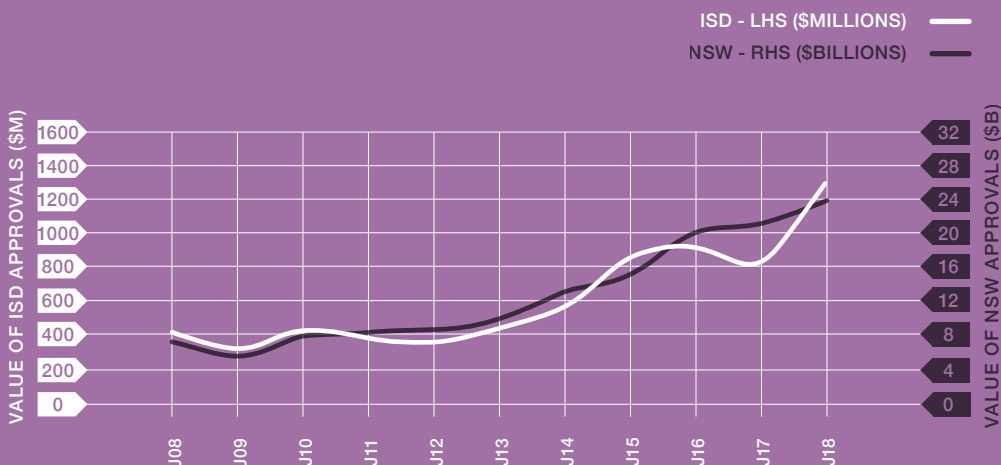


COST OF RESIDENTIAL BUILDING APPROVALS

Growth in the value of ISD residential building approvals has continued to outperform NSW.

- The value of dwelling approvals in the Illawarra rose 55.7% to \$1.3 billion over the year to June 2018. This was driven the value of unit approvals more than doubling, up 167.7% to \$600.6 million. Over the same timeframe the value of NSW approvals increased 12.4% to \$24.0 billion.
- The value of residential building approvals in the WSD lifted 64.6% to \$849.3 million. The value of unit approvals rose 172.6% to \$475.2 million while housing approvals decreased 2.1% to \$334.4 million.
- Looking at the three months to June 2018, the value of ISD approvals lifted 6.0% to \$400.7 million. This was driven by a 6.2% increase in the value of housing approvals to \$182.1 million. Meanwhile, the value of WSD approvals fell 18.6% to \$219.4 million while NSW approvals were steady, up 0.1% to \$6.1 billion.

VALUE OF DWELLING APPROVALS





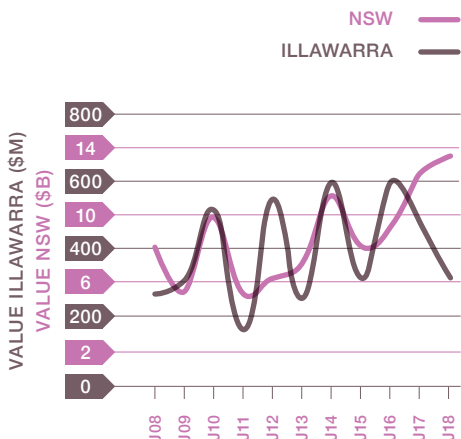
NON-RESIDENTIAL BUILDING APPROVALS

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

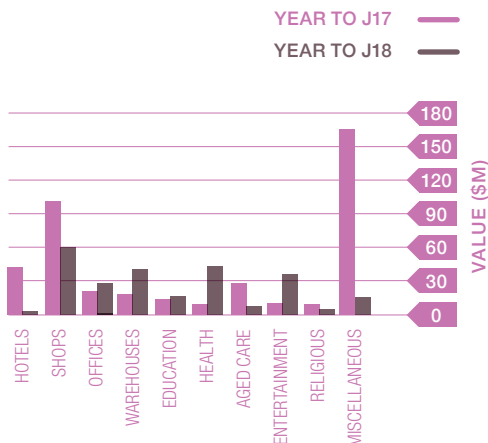
Key results for the three months to June 2018:

- 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).
- ISD non-residential approvals more than doubled, up 114.8% to \$88.8 million compared to the March 2018 quarter.
- 78.0% of the aforementioned ISD investment was generated in the WSD (\$69.3 million).

VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR





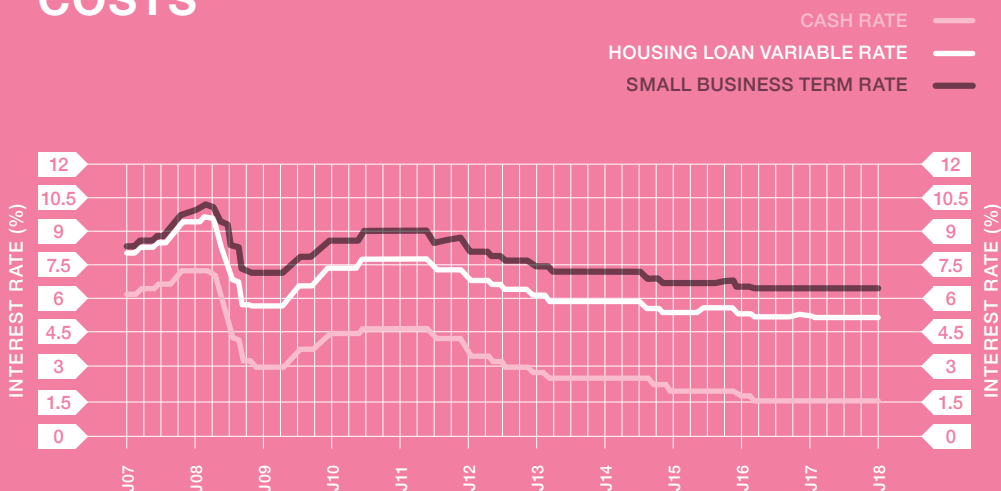
BORROWING COSTS

There have been no changes to the key interest rates for five consecutive quarters.

- Reserve Bank has kept the cash rate at 1.50% since August 2016.
- The housing loan variable rate (5.20%) and the small business term rate (6.45%) were both unchanged over the June 2018 quarter.
- These low interest rates contributed to a 31.89% increase in the total number of dwelling approvals in the ISD to 3,825 over the year to June 2018.

Source: IRIS/ABS Building Approval Statistics

BUSINESS FINANCING COSTS



RENTAL MARKET

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

- Median rent for houses increased 3.6% to \$560 per week. The average number of houses advertised for rent per week fell from 32 to 31.

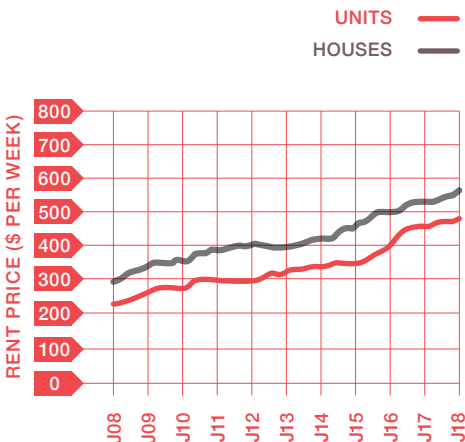
- Median rent for units was up 2.1% to \$480. The average number of units advertised for rent per week fell from 36 to 34.

Key results for the three months to June 2018:

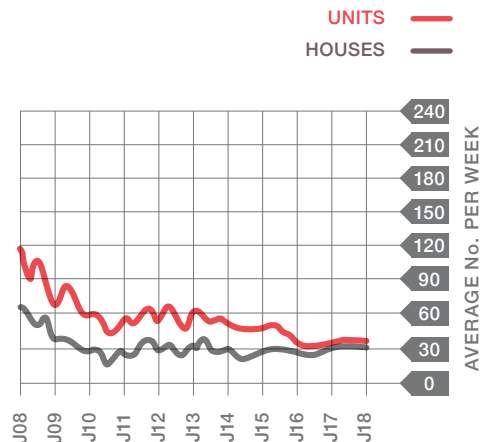
- The median rent for houses was unchanged at \$550 per week over the quarter. The average number of houses advertised weekly decreased from 35 to 34.
- The median rent for units was up 11.1% to \$500 per week. The average number of units advertised per week was unchanged at 34.

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 Mt Kembla recorded the highest RROI at 4.5%. This was followed by Dapto/Kanahooka/Koonawarra (4.4%) and Lake Heights to Windang (4.4%).

Austinmer/Thirroul saw the lowest RROI at 3.5%.

In the rental market for flats/units:

Lake Illawarra South to Oak Flats recorded the highest RROI at 4.9%. This was followed by Shellharbour (4.7%).

Bulli/Woonona (4.1%) and Russell Vale to Fairy Meadow (4.1%) saw the lowest RROI.

HOUSE RENTAL PRICES						YR TO J17	YR TO J18	RROI (%)
Austinmer/Thirroul						720	750	3.5
Bulli/Woonona						650	650	3.7
Russell Vale to Fairy Meadow						550	600	4.0
Wollongong to Figtree						555	570	4.1
Unanderra to Mt Kembla						500	560	4.5
Dapto/Kanahooka/Koonawarra						500	490	4.4
Lake Heights to Windang						460	480	4.4
Lake Illawarra Sth to Oak Flats						480	490	4.3
Shellharbour						620	600	3.9
Kiama						550	610	3.8
FLAT/UNIT RENTAL PRICES						YR TO J17	YR TO J18	RROI (%)
Bulli/Woonona						490	500	4.1
Russell Vale to Fairy Meadow						420	420	4.1
Wollongong to Figtree						480	495	4.6
Dapto/Kanahooka/Koonawarra						420	450	4.2
Lake Illawarra Sth to Oak Flats						430	440	4.9
Shellharbour						460	510	4.7
Kiama						545	527	4.2

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



Better
business
intelligence

Phone (02) 4285 4446
Web iris.org.au

Fax (02) 4285 4448
Email research@iris.org.au

Postal
University of Wollongong
Northfields Avenue
Wollongong
NSW 2522

Office
Level 1 iC Central,
Innovation Campus
Squires Way
North Wollongong, NSW 2500

For further information & enquiries:

Alex Spillett, Operations Manager
Nicholas Beale, Research Executive

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.

Disclaimer

All possible care has been taken in the preparation of the information contained in this report. However, IRIS Research expressly disclaims any liability for the accuracy and sufficiency of the information and under no circumstances shall be liable in negligence or otherwise in and arising out of preparation or supply of any of the information aforesaid. Persons who utilise the information provided herein do so at their own risk. It is recommended that before any reliance is placed upon the information provided, independent, expertise advice be sought.

