

# REAL ESTATE REPORT

MARCH 2018





# SUMMARY

- There was strong growth in median property prices in the Wollongong Statistical District (WSD) over the year to December 2017, with the median sale price for houses increasing 15.8% to \$660,000 while the median sale price for units was up 11.0% to \$544,000. The median land price lifted 6.6% to \$385,000.
- In the rental market, the median rent for units rose 4.9% to \$472 per week while the median rent for houses increased 3.8% to \$550 per week.
- Looking at the commercial building sector, the value of non-residential approvals in the WSD strengthened 19.2% to \$295.9 million. Across the wider Illawarra Statistical District, the value of commercial approvals rose 40.5% to \$541.6 million.
- The number of WSD dwelling approvals was relatively steady, up 0.6% to 2,021. Over the same timeframe ISD dwelling approvals fell 1.4% to 3,065

## SUMMARY

WOLLONGONG STATISTICAL DISTRICT	YR TO D16	YR TO D17	CHANGE (%)
Median House Price (\$)	570,000	660,000	15.8
Median Flat/unit Price (\$)	490,000	544,000	11.0
Median Land Price (\$)	361,250	385,000	6.6
Median Weekly Rent Houses (\$)	530	550	3.8
Median Weekly Rent Units (\$)	450	472	4.9
Non-res Building (\$m)	248.3	295.9	19.2
Dwelling Approvals (No.)	2,008	2,021	0.6
ILLAWARRA STATISTICAL DISTRICT			
Non-res Building (\$m)	385.5	541.6	40.5
Dwelling Approvals (No.)	3,107	3,065	-1.4



# WOLLONGONG STATISTICAL DISTRICT

Median property prices in the WSD  
strengthened over the December 2017 quarter.

- The median sale price for houses rose 3.9% to \$670,000.
- The median sale price for units increased 4.6% to \$565,000.
- The median land price lifted 7.3% to \$402,500.

WOLLONGONG STATISTICAL DISTRICT	SEP 17 QTR	DEC 17 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	644,990	670,000	3.9
Median Flat/unit Price (\$)	540,000	565,000	4.6
Median Land Price (\$)*	375,000	402,500	7.3

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

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



# HOUSING PRICES

There was double-digit growth in median sale price for houses across the Illawarra during the year to December 2017.

- Shellharbour LGA saw the highest growth in median sale price, up 20.4% to \$620,000. This was followed by Shoalhaven LGA, up 14.9% to \$488,250.

- Wollongong LGA saw the lowest growth, up 11.8% to \$665,000.

## Results for the December quarter:

- Kiama LGA saw the highest quarterly increase, up 23.0% to \$922,500. This was followed by Wingecarribee LGA, up 10.7% to \$675,000.
- Shellharbour LGA saw the lowest quarterly growth, up 1.2% to \$630,000.

# FLAT/UNIT PRICES

There was also strong growth in median sale price for units across the Illawarra during the past 12 months.

- Kiama LGA experienced the highest growth, up 23.4% to \$629,500. This was followed by Wingecarribee LGA, up 14.6% to \$525,000.

- Wollongong LGA saw the lowest growth, up 10.0% to \$550,000.

## Results for the December 2017 quarter:

- Wingecarribee LGA saw the highest quarterly growth, up 18.9% to \$612,500. This was followed by Shoalhaven LGA (up 16.7% to \$416,000).
- Kiama LGA contracted 16.9% to \$615,000 over the quarter after an unusually high September 2017 quarter result (\$740,000).

# LAND PRICES

Median land prices saw mixed results.

- The median land price for Shoalhaven LGA rose 26.4% to \$255,950. Shellharbour LGA saw the next highest growth, up 21.7% to \$365,000.

- Kiama LGA was down 5.0% to \$449,999.

Quarterly results for land prices are not reported due to a low number of sales

## HOUSE PRICES

	YR TO D16	YR TO S17	CHANGE (%)
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

## FLAT/UNIT PRICES

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 PRICES\*

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

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 D16	YR TO D17	CHANGE (%)
Austinmer/Thirroul	940,000	1,100,000	17.0
Bulli/Woonona	775,000	920,000	18.7
Russell Vale to Fairy Meadow	715,000	780,000	4.3
Wollongong to Figtree	700,000	730,000	4.9
Unanderra to Mt Kembla	496,000	630,500	27.1
Dapto/Kanahooka/Koonawarra	515,250	566,000	9.8
Lake Heights to Windang	437,500	556,500	27.2
Lake Illawarra Sth to Oak Flats	480,000	585,000	21.9
Shellharbour	715,450	800,000	11.8
Kiama	750,000	800,000	6.7

## FLAT/UNIT PRICES

Bulli/Woonona	485,000	630,000	29.9
Russell Vale to Fairy Meadow	446,250	535,000	19.9
Wollongong to Figtree	493,750	537,000	8.8
Dapto/Kanahooka/Koonawarra	440,000	540,000	22.7
Lake Illawarra Sth to Oak Flats	352,500	479,000	35.9
Shellharbour	482,000	531,000	10.2
Kiama	550,000	629,000	14.4

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

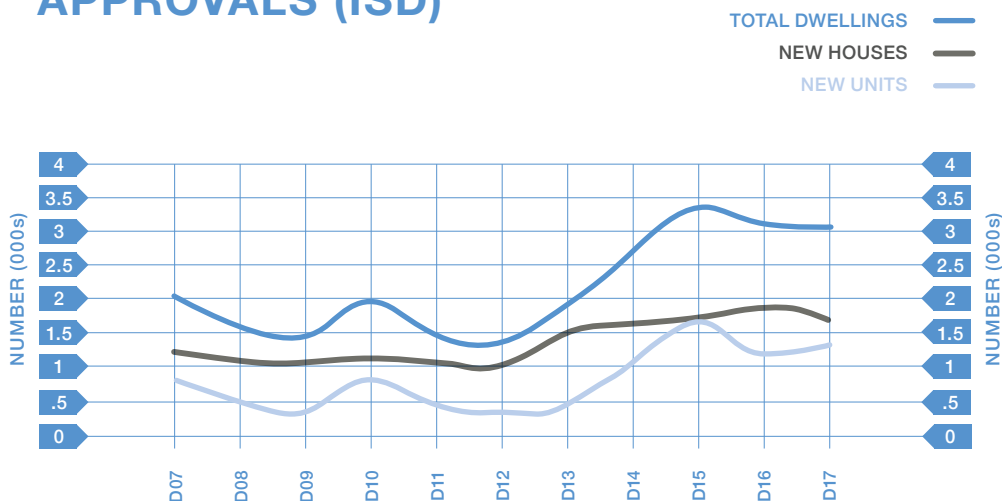


# RESIDENTIAL BUILDING APPROVALS

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 three months to December 2017, 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 (ISD)



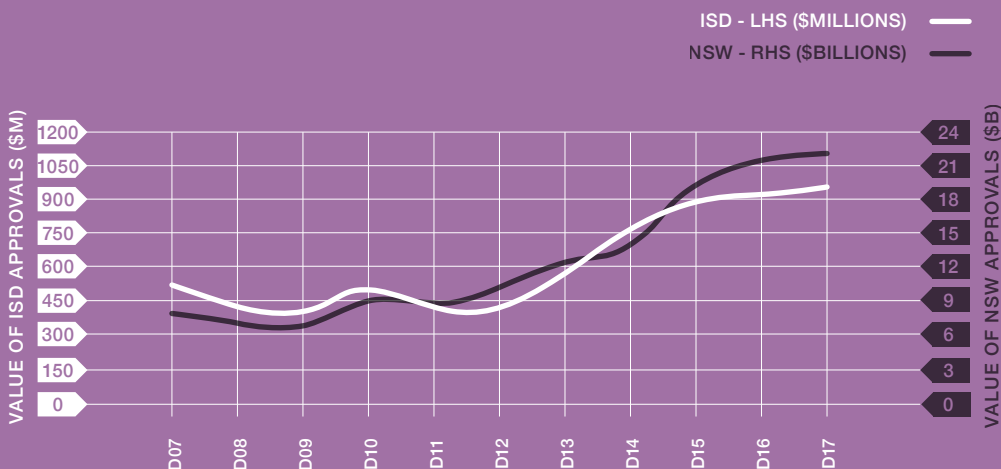


# COST OF RESIDENTIAL BUILDING APPROVALS

The value of dwelling approvals in the Illawarra increased over the past 12 months despite a weak December 2017 quarter.

- The value of dwelling approvals in the Illawarra strengthened 4.2% to \$947.4 million over the year to December 2017. This was driven by a 20.8% lift in the value of unit approvals to \$370.8 million. The value of NSW approvals saw similar growth, up 4.0% to \$21.7 billion.
- The value of residential building approvals in the WSD rose 6.0% to \$631.9 million. The value of unit approvals increased 11.6% to \$303.1 million while housing approvals rose 1.3% to \$328.9 million.
- The December 2017 quarter was relatively weak compared to preceding quarters. The value of ISD approvals were down 20.3% to \$233.2 million since the September 2017 quarter on the back of a 35.1% slump in the value of unit approvals to \$99.4 million. Meanwhile, the value of WSD approvals fell 9.3% to \$171.4 million while the value of NSW approvals fell 6.6% to \$5.8 billion.

## VALUE OF DWELLING APPROVALS





# 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.

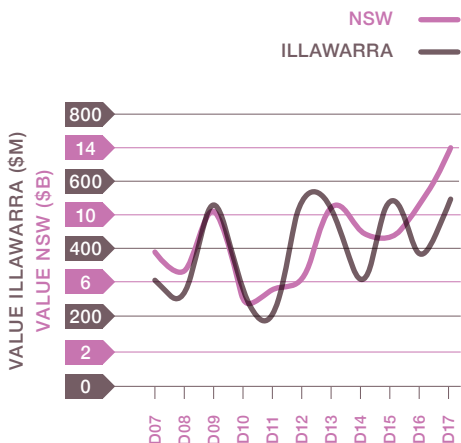
54.6% of the aforementioned ISD investment was generated in the WSD (\$295.9 million). Meanwhile, there was \$13.9 billion of non-residential approvals during the year in NSW, up 27.8%.

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).

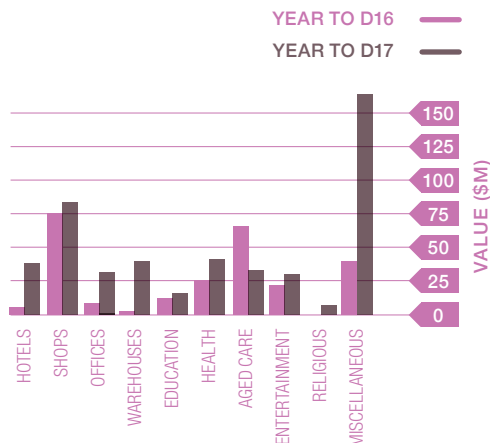
## Key results for the three months to December 2017:

- ISD non-residential approvals increased 32.8% to \$109.0 million.
- 83.6% of the aforementioned ISD investment was generated in the WSD (\$91.1 million).

## VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



## NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR







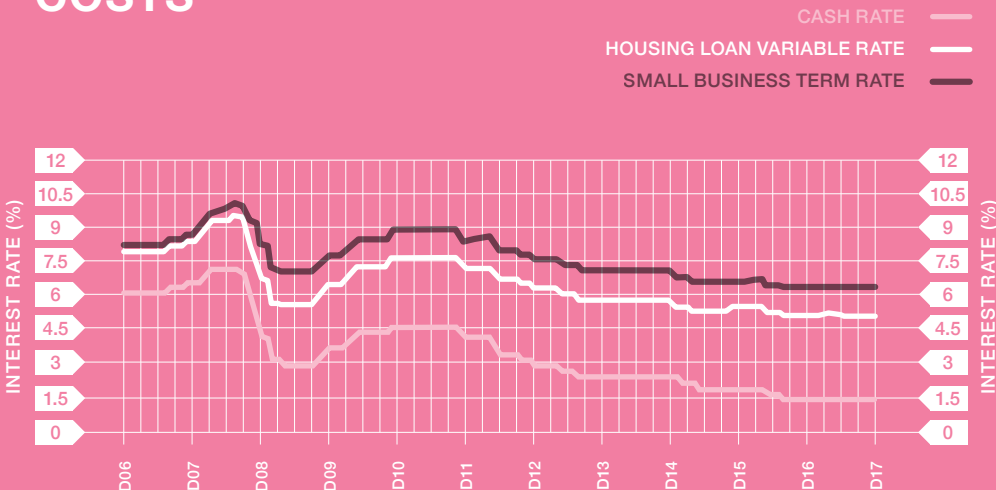
# BORROWING COSTS

Interest rates were kept at historic lows over the December 2017 quarter.

- The Reserve Bank has kept the cash rate at 1.50% since August 2016.
- The housing loan variable rate was steady at 5.20% over the three months to December 2017 while the small business term rate was also unchanged at 6.45%.
- Despite low interest rates there was a 1.4% fall in the total number of dwelling approvals in the ISD to 3,065 over the year to December 2017.

Source: IRIS/ABS Building Approval Statistics

## BUSINESS FINANCING COSTS





# 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.

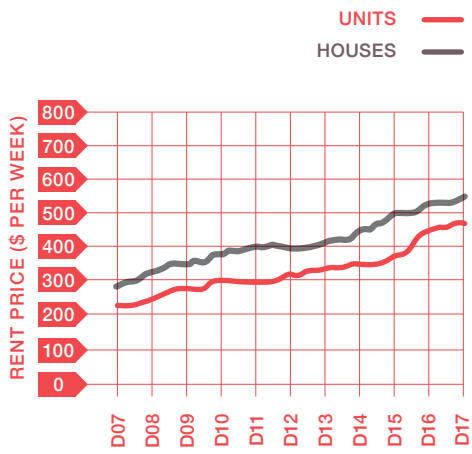
• The median rent for units was up 4.9% to \$472 per week. The average number of units advertised per week increased from 30 to 35.

## Key results for the three months to December 2017:

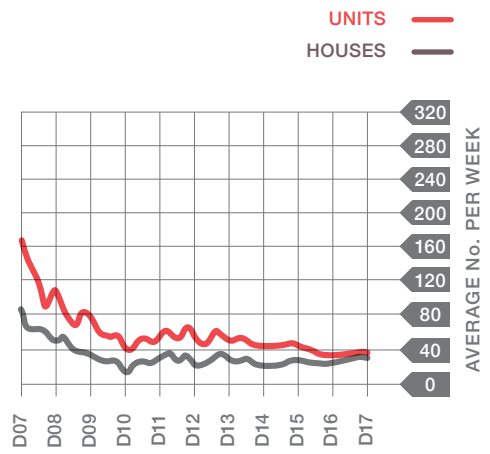
- The median rent for houses rose 1.3% to \$547 per week. The average number of houses advertised weekly fell from 39 to 29.
- The median rent for units decreased 2.1% to \$460 per week while the average number of units advertised per week fell from 39 to 29.

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:

- Dapto/Kanahooka/Koonawarra (4.6%) saw the highest RROI, followed by Lake Heights to Windang (4.5%) and Lake Illawarra South to Oak Flats (4.3%).
- Austinmer/Thirroul (3.3%) recorded the lowest yield due to the relatively high median house price in the area.

**In the rental market for flats/units:**

- Wollongong to Figtree (4.6%) recorded the highest RROI, followed by Lake Illawarra South to Oak Flats (4.5%), Shellharbour (4.5%) and Kiama (4.5%).
- Dapto/Kanahooka/Koonawarra saw the lowest yield at 4.0%.

HOUSE RENTAL PRICES					YR TO D16	YR TO D17	RROI (%)
Austinmer/Thirroul					700	700	3.3
Bulli/Woonona					605	650	3.7
Russell Vale to Fairy Meadow					550	580	3.7
Wollongong to Figtree					540	575	4.1
Unanderra to Mt Kembla					500	520	4.1
Dapto/Kanahooka/Koonawarra					490	495	4.6
Lake Heights to Windang					440	480	4.5
Lake Illawarra Sth to Oak Flats					480	477	4.3
Shellharbour					597	600	3.9
Kiama					540	565	3.6
FLAT/UNIT RENTAL PRICES					YR TO S16	YR TO S17	RROI (%)
Bulli/Woonona					430	500	4.1
Russell Vale to Fairy Meadow					420	420	4.2
Wollongong to Figtree					460	480	4.6
Dapto/Kanahooka/Koonawarra					400	427	4.0
Lake Illawarra Sth to Oak Flats					420	422	4.5
Shellharbour					500	490	4.5
Kiama					490	550	4.5

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



Better  
business  
intelligence

**Phone** (02) 4285 4446

**Web** [iris.org.au](http://iris.org.au)

**Postal**

University of Wollongong  
Northfields Avenue  
Wollongong  
NSW 2522

**Fax** (02) 4285 4448

**Email** [research@iris.org.au](mailto:research@iris.org.au)

**Office**

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

**For further information & enquiries:**

Peter Watts, Chief Executive

Nicholas Beale, Junior Research Executive

**Report Notes**

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

**Disclaimer**

All possible care has been taken in the preparation of the information contained in this report. However, Illawarra Regional Information Service 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.

