

# REAL ESTATE REPORT

JUNE 2018





# SUMMARY

Strong growth in median property prices across the Wollongong Statistical District (WSD) has continued over the year to March 2018. The median sale price for units strengthened 12.7% to \$555,000 while the median sale price for houses rose 9.9% to \$665,000. The median land price lifted 4.0% to \$390,000.

In the rental market, the median rent for houses increased 3.8% to \$550 per week while the median rent for units rose 2.2% to \$470 per week.

Looking at the commercial building sector, the value of non-residential approvals in the WSD declined 28.6% to \$229.4 million. Across the wider Illawarra Statistical District (ISD), the value of commercial approvals was steady at \$461.6 million.

Dwelling approvals in the WSD over the year totaled 2,342, up 17.3% on the year to March 2017. Over the same timeframe dwelling approvals in the ISD rose 17.9% to 3,526.

## SUMMARY

WOLLONGONG STATISTICAL DISTRICT		YR TO M17	YR TO M18	CHANGE (%)
Median House Price (\$)		605,000	665,000	9.9
Median Flat/unit Price (\$)		492,250	555,000	12.7
Median Land Price (\$)		375,000	390,000	4.0
Median Weekly Rent Houses (\$)		530	550	3.8
Median Weekly Rent Units (\$)		460	470	2.2
Non-res Building (\$m)		321.1	229.4	-28.6
Dwelling Approvals (No.)		1,997	2,342	17.3
ILLAWARRA STATISTICAL DISTRICT				
Non-res Building (\$m)		462.5	461.6	-0.2
Dwelling Approvals (No.)		2,991	3,526	17.9



# WOLLONGONG STATISTICAL DISTRICT

Median sale prices for houses and units  
dipped over the March 2018 quarter.

- The median sale price for houses was down 1.2% to \$662,000.
- The median sale price for units decreased 1.8% to \$555,000.
- Conversely, the median sale price for land rose 4.1% to \$419,000 over the quarter.

WOLLONGONG STATISTICAL DISTRICT	DEC 17 QTR	MAR 17 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	670,000	662,000	-1.2
Median Flat/unit Price (\$)	565,000	555,000	-1.8
Median Land Price (\$)*	402,500	419,000	4.1

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

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



# HOUSING PRICES

Strong growth in median sale price for houses across the Illawarra has continued in the year to March 2018.

- Shellharbour LGA experienced the highest growth in median sale price, up 16.4% to \$625,000. This was followed by Wingecarribee LGA, up 12.1% to \$660,000.

- Wollongong LGA saw the lowest growth, up 8.5% to \$672,750.

Results for the March 2018 quarter:

- Shoalhaven LGA saw the highest quarterly growth, up 7.9% to \$539,500. This was followed by both Wollongong LGA (up 1.1% to \$687,500) and Wingecarribee LGA (up 1.1% to \$682,500).
- Kiama LGA was down 7.9% to \$850,000 over the quarter.

# FLAT/UNIT PRICES

Median sale prices for units across the Illawarra also appreciated over the past 12 months.

- Wingecarribee LGA saw the highest growth, up 14.0% to \$570,000. This was followed by Wollongong LGA, up 13.0% to \$565,000.

- Shoalhaven LGA was up 3.1% to \$397,000, the lowest of any local government area in the Illawarra.

Results for the March 2018 quarter:

- Kiama LGA saw the highest growth over the quarter, up 2.4% to \$630,000. This was followed by Wingecarribee LGA (up 2.0% to \$625,000).
- The quarterly median unit price for Shellharbour LGA fell 6.1% to \$479,000.

# LAND PRICES

Median land prices saw varying degrees of growth.

- The median land price for Wingecarribee LGA rose 32.8% to \$425,000. Kiama LGA saw the next highest growth, up 15.0% to \$494,500.

- Wollongong LGA saw the lowest growth, up 5.9% to \$392,000.

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

## HOUSE PRICES

	YR TO M17	YR TO M18	CHANGE (%)
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

## FLAT/UNIT PRICES

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 PRICES\*

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

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 M17	YR TO M18	CHANGE (%)
Austinmer/Thirroul	950,000	1,100,000	15.8
Bulli/Woonona	840,000	920,000	9.5
Russell Vale to Fairy Meadow	735,000	780,000	6.1
Wollongong to Figtree	716,000	735,000	2.7
Unanderra to Mt Kembla	575,000	630,000	9.6
Dapto/Kanahooka/Koonawarra	535,000	570,000	6.5
Lake Heights to Windang	452,000	550,000	21.7
Lake Illawarra Sth to Oak Flats	515,000	590,000	14.6
Shellharbour	750,000	805,000	7.3
Kiama	757,500	825,000	8.9

## FLAT/UNIT PRICES

Bulli/Woonona	542,500	635,000	17.1
Russell Vale to Fairy Meadow	471,986	536,000	13.6
Wollongong to Figtree	500,000	550,000	10.0
Dapto/Kanahooka/Koonawarra	440,000	550,000	25.0
Lake Illawarra Sth to Oak Flats	440,000	475,000	8.0
Shellharbour	481,000	580,000	20.6
Kiama	591,000	625,000	5.8

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

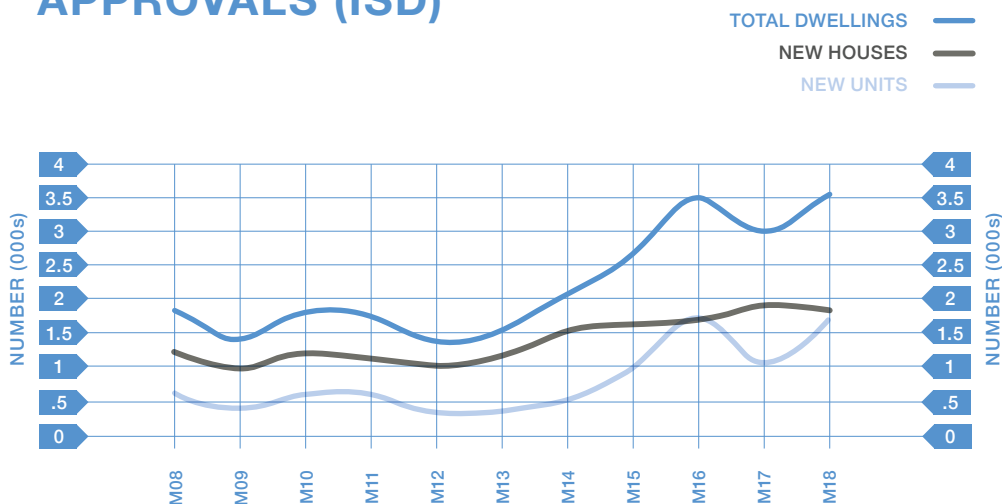


# RESIDENTIAL BUILDING APPROVALS

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 three months to March 2018, 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 (ISD)



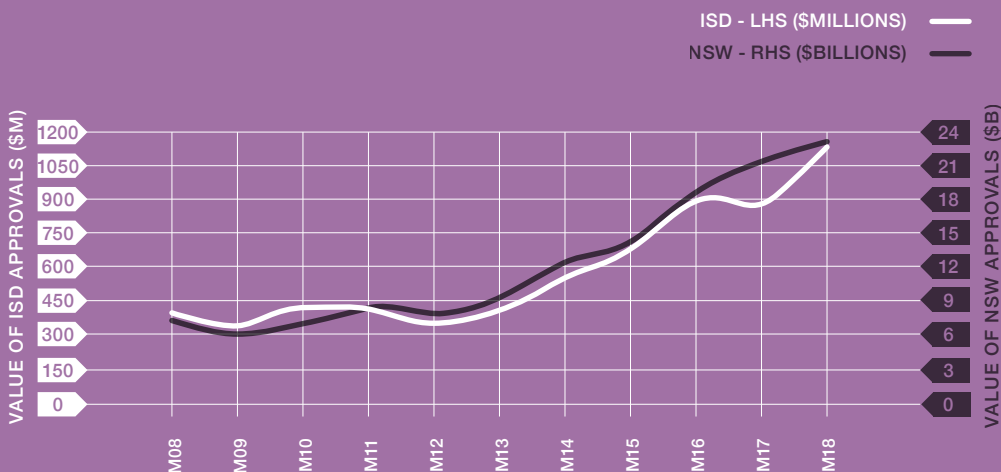


# COST OF RESIDENTIAL BUILDING APPROVALS

A strong March 2018 quarter contributed to the Illawarra outpacing NSW in growth of the value of RBAs over the year.

- The value of dwelling approvals in the Illawarra lifted 29.5% to \$1.1 billion over the year to March 2018. This growth was driven by an 81.6% increase in the value of unit approvals to \$504.6 million. Over the same timeframe the value of NSW approvals rose 5.7% to \$23.0 billion.
- The value of residential building approvals in the WSD strengthened 26.9% to \$776.6 million. The value of unit approvals was up 74.8% to \$435.0 million while housing approvals fell 10.9% to \$323.5 million.
- The March 2018 quarter was strong compared to preceding quarters in 2017. The value of ISD approvals increased 62.1% to \$378.0 million over the quarter on the back of a 74.7% lift in the value of unit approvals to \$173.6 million. Meanwhile, the value of WSD approvals lifted 57.2% to \$269.5 million while NSW approvals increased 5.1% to \$6.1 billion.

## VALUE OF DWELLING APPROVALS





# 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.

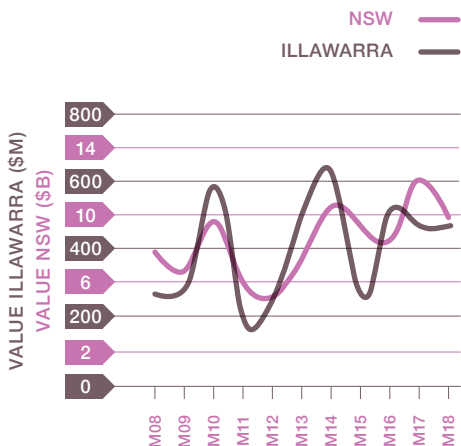
- 49.7% of the aforementioned ISD investment was generated in the WSD (\$229.4 million). Meanwhile, there was \$13.8 billion of non-residents approvals during the year in NSW, up 14.7%.

- 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)

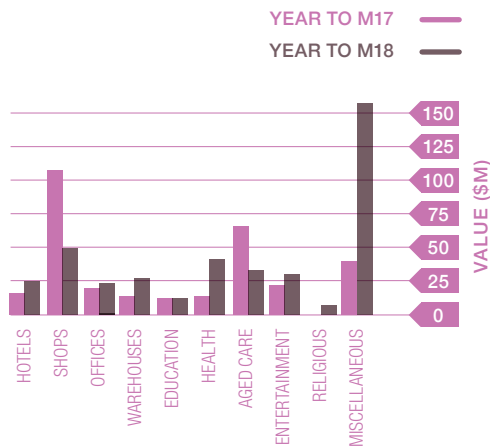
## Key results for the three months to March 2018:

- 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).

## VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



## NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR







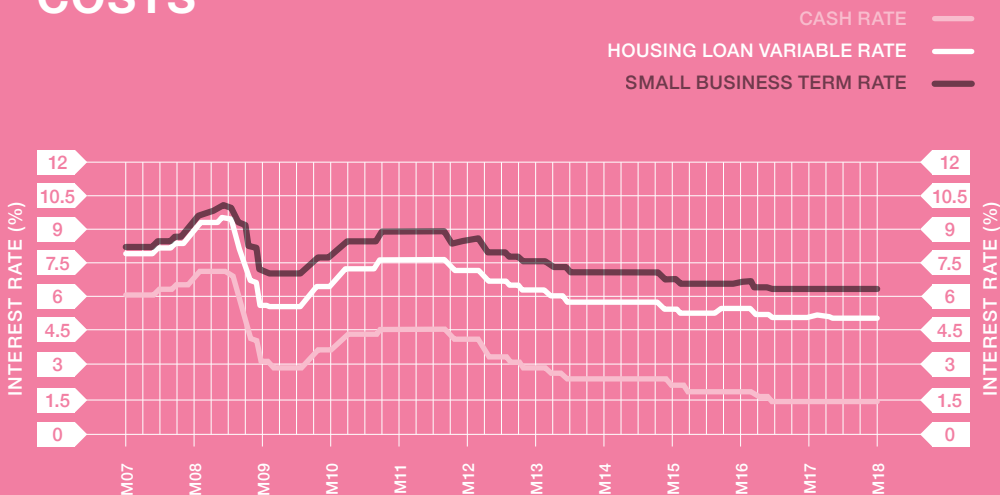
# BORROWING COSTS

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

- The 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 March 2018 quarter.
- These low interest rates contributed to a 17.9% increase in the total number of dwelling approvals in the ISD to 3,526 over the year to March 2018.

Source: IRIS/ABS Building Approval Statistics

## BUSINESS FINANCING COSTS





# 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.

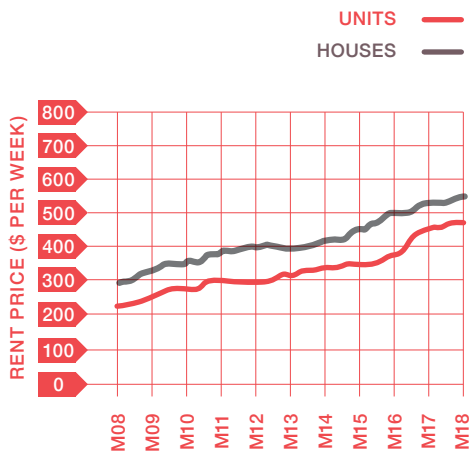
- The median rent for units increased 2.2% to \$470 per week. The average number of units advertised per week rose from 32 to 37.

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

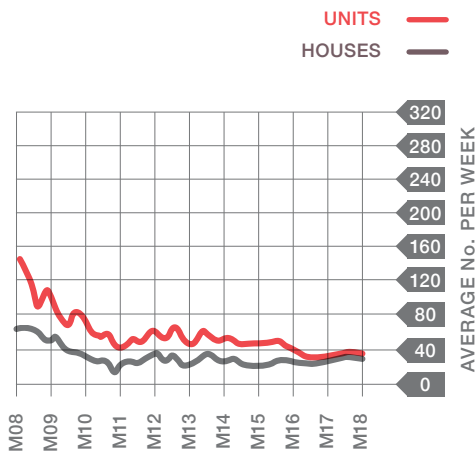
- The median rent for houses rose 0.5% to \$550 per week over the quarter. The average number of houses advertised weekly increased from 24 to 35.
- The median rent for units was down 5.8% to \$450 per week. The average number of units advertised per week increased from 29 to 42.

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, Dapto/Kanahooka /Koonawarra and Lake Heights to Windang all saw the highest RROI at 4.5%. This was followed by 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:

- Lake Illawarra South to Oak Flats (4.9%) recorded the highest RROI, followed by Shellharbour (4.6%) and Wollongong to Figtree (4.5%).
- Russell Vale to Fairy Meadow saw the lowest yield at 4.0%.

## HOUSE RENTAL PRICES

	YR TO M17	YR TO M18	RROI (%)
Austinmer/Thirroul	720	700	3.3
Bulli/Woonona	620	650	3.7
Russell Vale to Fairy Meadow	550	592	3.9
Wollongong to Figtree	550	582	4.1
Unanderra to Mt Kembla	500	550	4.5
Dapto/Kanahooka/Koonawarra	500	490	4.5
Lake Heights to Windang	460	480	4.5
Lake Illawarra Sth to Oak Flats	480	490	4.3
Shellharbour	600	600	3.9
Kiama	545	600	3.8

## FLAT/UNIT RENTAL PRICES

	YR TO M17	YR TO M18	RROI (%)
Bulli/Woonona	480	500	4.1
Russell Vale to Fairy Meadow	420	415	4.0
Wollongong to Figtree	470	480	4.5
Dapto/Kanahooka/Koonawarra	420	450	4.3
Lake Illawarra Sth to Oak Flats	400	445	4.9
Shellharbour	460	510	4.6
Kiama	527	527	4.4



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**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.

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