

PROFILE ILLAWARRA

JUNE 2019



HIGHLIGHTS



- 28.6% (net) of Illawarra businesses reported higher trading activity during the June 2019 quarter, down 2.7% pts on this time last year.
- The *Illawarra Consumer Sentiment Index* has increased 1 pt to 87 pts since the June 2018 quarter. Westpac's *Australian Consumer Sentiment Index* also decreased 1 pt to 101 pts over the same period.
- Coal production for the year increased 27.6% to 12.5 million tonnes over the year to March 2019. Average employment lifted 10.8% to 2,596, leaving annual productivity up 15.1% to 4,817.8 tonnes per employee.
- There was a 17.5% increase in exports to 9.6 million tonnes. Imports were up 0.8% to 15.0 million tonnes over the same period.
- Tourism expenditure in the South Coast region increased 9.2% to \$2.9 billion over the year to March 2019.

ANNUAL STATE OF THE REGION

HOUSE SALES	3,684
UNIT SALES	1,461
LAND LOT SALES	332
UNEMPLOYMENT	4.8%
YOUTH UNEMPLOYMENT	12.7%
EMPLOYED PERSONS	142,800

HIGHLIGHTS



- The unemployment rate in the Illawarra decreased 0.1% pts to 4.8% while the youth unemployment rate rose 1.9% pts to 12.7%.
- The median rent for houses in the Wollongong Statistical District (WSD) rose 1.8% to \$560 per week. The median rent for units increased 2.0% to \$520 per week over the same period.
- The median sale price for houses in the WSD declined 3.8% to \$640,000 while the median sale price for units was down 0.9% to \$550,000.
- The number of approvals for houses in the Illawarra during the year to March 2019 increased 14.1% to 2,112. Unit approvals increased 25.9% to 2,108 over the same period.
- The value of non-residential building approvals in the Illawarra declined 12.0% to \$406.2 million.

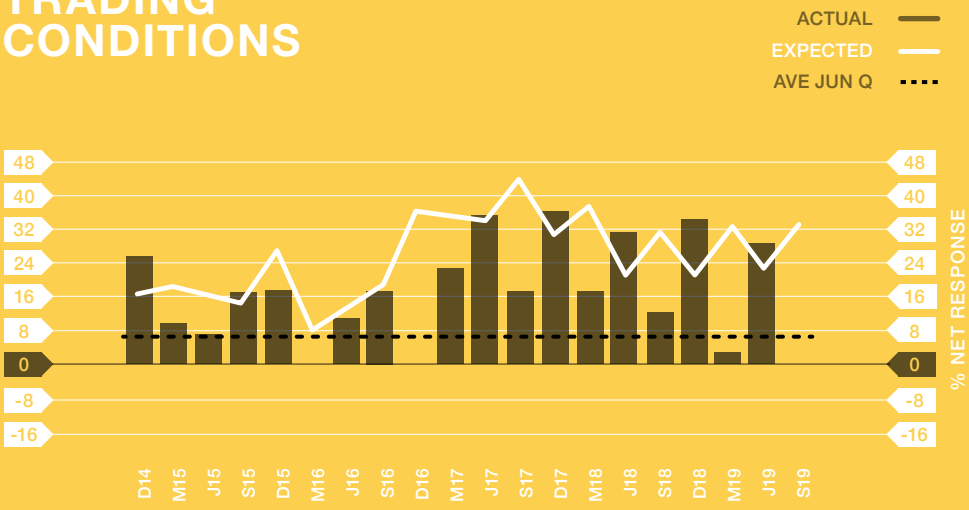
TONNES OF COAL	12.5 MILLION
TONNES OF EXPORTS	9.6 MILLION
TONNES OF IMPORTS	15.0 MILLION
DOMESTIC VISITOR NIGHTS	13.1 MILLION
NON-RES BUILDING APPROVALS	\$406.2 MILLION

TRADING CONDITIONS

Trading activity in the June 2019 quarter has rebounded following the usual biannual trend.

- 28.6% (net) of Illawarra businesses reported higher trading activity during the June 2019 quarter, down 2.7% pts on this time last year but 21.8% pts above the long-term average for the quarter.
- Expectations for the upcoming September 2019 quarter are positive with a net 32.9% anticipating higher trading activity. This result is up 1.6% pts on this time last year and 18.5% pts above the long-term September quarter expectation level.
- Results for the June 2019 quarter have continued a recurring six-monthly trend of higher than expected trading conditions.

TRADING CONDITIONS



CONSUMER SENTIMENT

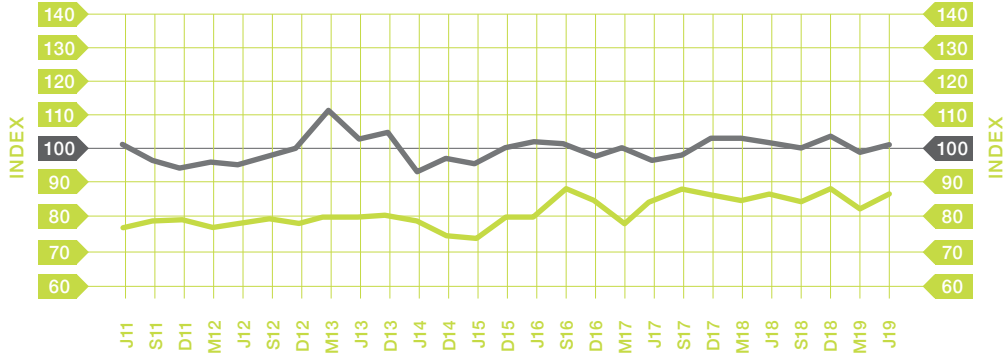


Consumer sentiment in the Illawarra has rebounded over the past three months.

- The *Illawarra Consumer Sentiment Index* has increased 1 pt to 87 pts since the June 2018 quarter. This result represents an increase of 5 pts since the March 2019 quarter.
- While there is improved sentiment towards buying property, borrowing money and starting a business, residents are less optimistic about their household financial position and the state of the national economy.
- Westpac's *Australian Consumer Sentiment Index* also decreased 1 pt to 101 pts over the same period.

CONSUMER SENTIMENT

AUSTRALIA —
ILLAWARRA —



TRADE



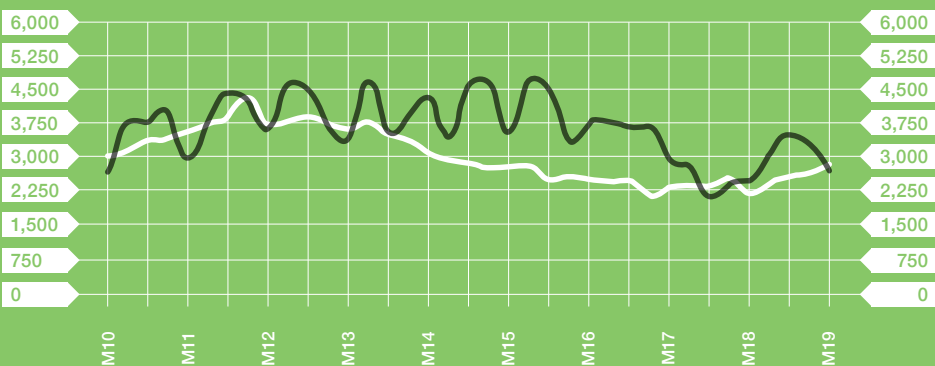
SOUTHERN MINES COAL PRODUCTION

Coal production for the past 12 months was up despite weaker production over the six months to March 2019.

- A total of 12.5 million tonnes was produced during the year to March 2019, up 27.6% on the year to March 2018. Over the same timeframe average employment increases 10.8% to 2,596.
- As growth in production was higher than growth in employment, yearly productivity strengthened 15.1% to 4,817.8 tonnes per employee.
- During the three months to March 2019:
 - A total of 2.7 million tonnes was produced, down 17.8% on the December 2018 quarter. Average employment increased 7.8% to 2,794.
 - As a result, quarterly productivity fell 23.7% to 969.1 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION

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



TRADE



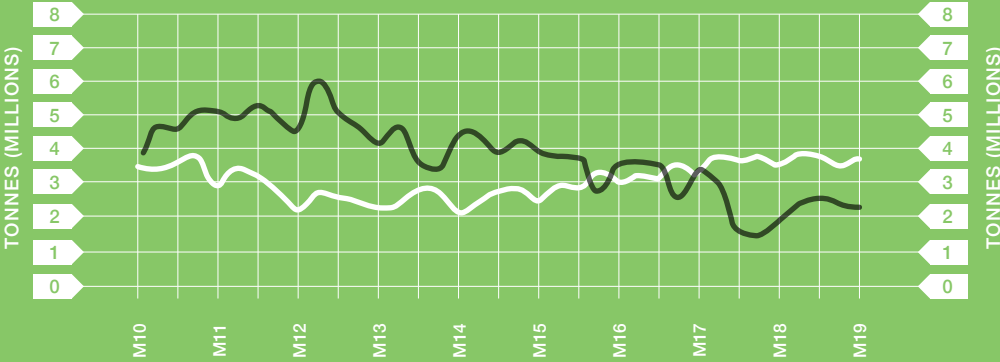
PORT KEMBLA TRADE

There was a higher volume of trade at Port Kembla with increases in both exports and imports over the year to March 2019.

- Exports increased 17.5% to 9.6 million tonnes during the year to March 2019.
- Imports were relatively stable, up 0.8% to 15.0 million tonnes over the same period.
- During the three months to March 2019:
 - Exports fell 1.9% to 2.3 million tonnes.
 - Imports increased 6.3% to 3.8 million tonnes over the quarter.

PORT KEMBLA TRADE

TOTAL IMPORTS —
TOTAL EXPORTS —



TOURISM

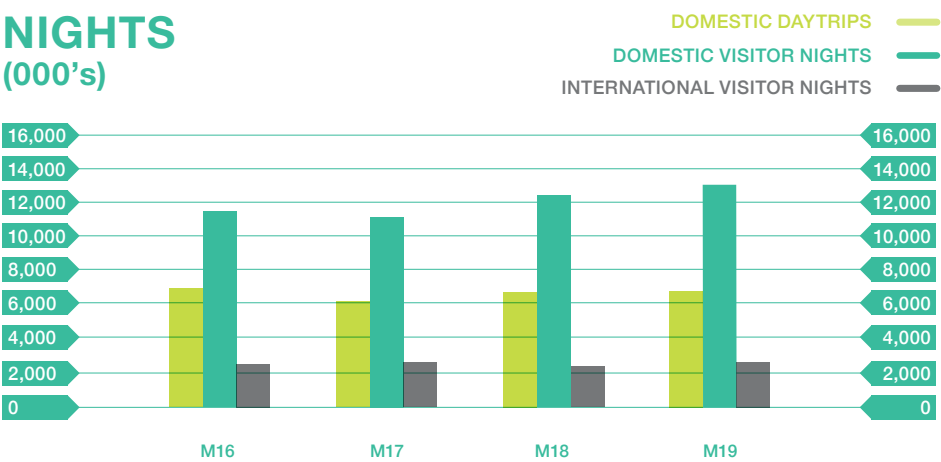


The latest data from Destination NSW for the South Coast region shows that tourism expenditure has increased over the year with growth in expenditure across all three categories of tourism.

- The average daytrip visitor spent \$93, up 5.3% on the year to March 2018. The number of daytrip visitors increased 2.1% to 6.9 million. These results combined to leave domestic daytrip expenditure up 7.5% to \$644 million.
- 4.2 million domestic overnight travellers visited the South Coast region during the year to March 2019, up 6.8%. These visitors spent 13.1 million nights in the region, up 5.9%. The average spend per day was \$151, up 3.6%. Overall, domestic overnight tourism lifted 9.7% \$2.0 billion.

	Year to Mar 18	Year to Mar 19	Change (%)
Domestic Daytrips	6,798	6,941	2.1
Domestic Visitor Nights	12,377	13,102	5.9
International Visitor Nights	2,387	2,621	9.8

NIGHTS (000's)



TOURISM

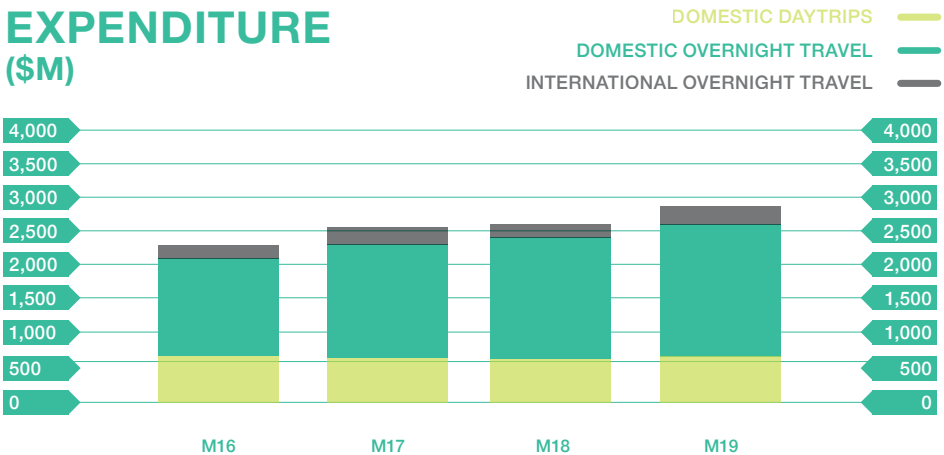


Over the same timeframe 195,000 international tourists visited the region, up 5.7%. Nights spent in the region were up 9.8% to 2.6 million. Per night spend was up 0.4% to \$102. These results combined to leave international tourism expenditure up 10.2% to \$266 million.

Overall, tourism expenditure totalled \$2.9 billion on the year to March 2018. There was strong growth in expenditure among all tourism categories.

	Year to Mar 18	Year to Mar 19	Change (%)
Domestic Daytrips	598	644	7.7
Domestic Visitor Nights	1,809	1,984	9.7
International Visitor Nights	242	266	9.9
Total	2,649	2,894	9.2

EXPENDITURE (\$M)



LABOUR MARKET



Higher workforce participation led to an increase in the number of employed persons in the Illawarra, leaving the unemployment rate relatively steady.

- On average, 142,800 persons were employed in the Illawarra, up 4.0% on the year to March 2018.
- The local unemployment rate was relatively steady, down 0.1% pts to 4.8%.
- The increase in employment was the result of an increase in the local participation rate, up 1.5% pts to 61.3%.
- Despite these results, the youth unemployment rate increased 1.9% pts to 12.7%.
- The average number of persons receiving unemployment benefits in the Illawarra declined 7.4% to 7,439.

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

	Year to Mar 18 (Ave.)	Year to Mar 19 (Ave.)
EMPLOYMENT (000's)	142.8	148.4
UNEMPLOYMENT RATE (%)	4.9	4.8
PARTICIPATION RATE (%)	59.8	61.3
YOUTH UNEMPLOYMENT RATE (%)	10.7	12.7
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,032	7,439

LABOUR MARKET



Labour market results for the March 2019 quarter:

- The average number of employed persons increased 5.0% to 152,100.
- The unemployment rate was down 1.3% pts to 4.7% over the quarter.
- The local participation rate lifted 2.0% to 62.4%.
- The youth unemployment rate also saw significant variation, down 5.1% to 11.5%.
- The average number of persons receiving unemployment benefits in the Illawarra increased 2.9% to 7,385

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 18 Qtr (Ave.)	Mar 19 Qtr (Ave.)
EMPLOYMENT (000's)	144.8	148.4
UNEMPLOYMENT RATE (%)	6.0	4.7
PARTICIPATION RATE (%)	60.5	62.4
YOUTH UNEMPLOYMENT RATE (%)	16.7	11.5
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,174	7,385

RENTAL MARKET



In the March 2019 quarter an increase in houses and units up for lease put downward pressure on median rent prices.

- The median rent for houses was \$560 per week, up 1.8% on the year to March 2018. Over this period the average number of houses advertised per week rose from 30 to 37.
- The median rent for units rose 2.0% to \$520 per week. The average number of units advertised per week fell from 37 to 34.
- Key results for the three months to March 2019:
 - The median rent for houses fell 1.8% to \$550 per week. The average number of houses advertised per week increased from 40 to 45 since the December 2018 quarter.
 - The median rent for units declined 4.8% to \$495 per week. The number of units advertised per week saw a strong quarterly increase, up from 36 to 53.

RENTAL MARKET VALUES

		YEAR TO MAR 18	YEAR TO MAR 19	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	550	560	1.8
	AVERAGE WEEKLY LISTINGS (NO.)	30	37	23.3
UNITS 1BR	MEDIAN WEEKLY RENTAL (\$)	300	320	6.7
	AVERAGE WEEKLY LISTINGS (NO.)	4	4	-
UNITS 2BR	MEDIAN WEEKLY RENTAL (\$)	420	430	2.4
	AVERAGE WEEKLY LISTINGS (NO.)	19	18	-5.3
UNITS 3BR	MEDIAN WEEKLY RENTAL (\$)	550	560	1.8
	AVERAGE WEEKLY LISTINGS (NO.)	14	12	-14.3
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	510	520	2.0
	AVERAGE WEEKLY LISTINGS (NO.)	37	34	-8.1

RENTAL MARKET

Selected Areas

Looking at
selected areas:

- For houses, Lake Illawarra South to Oak Flats saw the highest growth in median rent, up 5.8% to \$510 per week. Lake Heights to Windang saw the most negative growth, down 6.6% to \$450 per week.
- For units, Austinmer/Thirroul saw the highest growth, up 11.3% to \$612 per week. Dapto/Kanahooka /Koonawarra saw the most negative growth, down 15.6% to \$380 per week.

MEDIAN RENTS FOR SELECTED AREAS

YEAR TO
MAR
18

YEAR TO
MAR
19

YEARLY
CHANGE
(%)

HOUSES	Austinmer/Thirroul		700	700	-
	Bulli/Woonona		650	650	-
	Russell Vale to Fairy Meadow		580	550	-5.2
	Wollongong to Figtree		587	560	-4.6
	Unanderra to Mount Kembla		550	550	-
	Dapto/Kanahooka/Koonawarra		490	520	6.1
	Lake Heights to Windang		482	450	-6.6
	Albion Park to Albion Park Rail		520	520	-
	Lake Illawarra Sth to Oak Flats		482	510	5.8
	Shellharbour		610	620	1.6
UNITS/FLATS/TOWNHOUSES	Kiama		600	600	-
	Austinmer/Thirroul		550	612	11.3
	Bulli/Woonona		500	500	-
	Russell Vale to Fairy Meadow		420	440	4.8
	Wollongong to Figtree		480	475	-1.0
	Unanderra to Mount Kembla		440	455	3.4
	Dapto/Kanahooka/Koonawarra		450	380	-15.6
	Lake Heights to Windang		350	350	-
	Albion Park to Albion Park Rail		440	470	6.8
	Lake Illawarra Sth to Oak Flats		450	450	-
UNITS/FLATS/TOWNHOUSES	Shellharbour		515	520	1.0
	Kiama		520	520	-

HOUSES

UNITS/FLATS/TOWNHOUSES

PROPERTY



A particularly weak March 2019 quarter contributed to declining house prices across the Illawarra, Shoalhaven and Southern Highlands over the year to March 2019.

- The median sale price for houses in the WSD fell 3.8% to \$640,000 over the year to March 2019. The median sale price for units was down 0.9% to \$550,000 over the same period while the median sale price for land fell 10.3% to \$350,000.
- Looking at the market for houses, Wingecarribee LGA saw the most negative growth, down 6.0% to \$620,500 over the year. Shoalhaven LGA saw the lowest fall, down 1.0% to \$495,000.
- For units, Wingecarribee LGA experienced a 10.1% increase to \$627,500. This was followed by Kiama LGA, up 4.9% to \$660,000.
- Looking at the varied median sale price results for land, Shoalhaven LGA saw the highest growth, up 21.6% to \$298,000. In contrast, Wingecarribee LGA fell 12.9% to \$370,000.

MEDIAN PROPERTY VALUES

	YEAR TO MAR 18	YEAR TO MAR 19	YEARLY CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	665,000	640,000	-3.8
WOLLONGONG LGA	672,750	642,000	-4.6
SHELLHARBOUR LGA	625,000	610,000	-2.4
KIAMA LGA	840,000	820,000	-2.4
SHOALHAVEN LGA	500,000	495,000	-1.0
WINGECARRIBEE LGA	660,000	620,500	-6.0
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	555,000	550,000	-0.9
WOLLONGONG LGA	565,000	555,000	-1.8
SHELLHARBOUR LGA	510,000	517,000	1.4
KIAMA LGA	629,000	660,000	4.9
SHOALHAVEN LGA	397,000	415,000	4.5
WINGECARRIBEE LGA	570,000	627,500	10.1
LAND			
WOLLONGONG STATISTICAL DISTRICT	390,000	350,000	-10.3
WOLLONGONG LGA	392,000	385,000	-1.8
SHELLHARBOUR LGA	378,000	330,000	-12.7
KIAMA LGA	494,500	517,500	4.7
SHOALHAVEN LGA	245,000	298,000	21.6
WINGECARRIBEE LGA	425,000	370,000	-12.9

PROPERTY



Results for the March 2019 quarter:

- The median sale price for houses in the WSD fell 3.9% to \$620,000. The median sale price for units was down 0.9% to \$550,000.
- In the market for houses, Wingecarribee LGA saw the highest quarterly growth, up 4.6% to \$630,000.
- For units, Shoalhaven LGA saw the highest quarterly growth, up 2.3% to \$440,000.
- Quarterly results for land are not reported due to a low number of sales.

SALES

	YEAR TO MAR 19		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	3,684	1,431	332
WOLLONGONG LGA	2,334	1,062	139
SHELLHARBOUR LGA	1,032	280	169
KIAMA LGA	318	119	24
SHOALHAVEN LGA	1,962	212	274
WINGECARRIBEE LGA	580	120	212

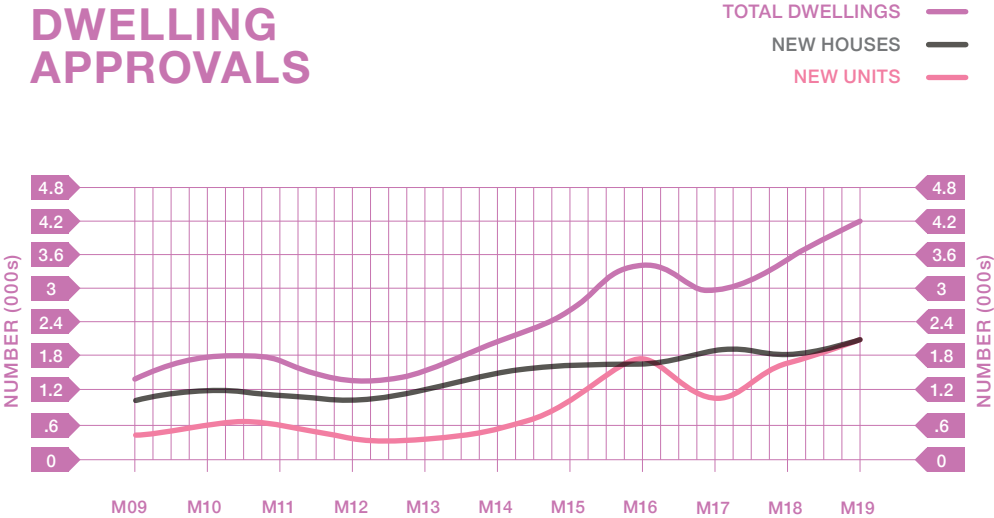
DWELLING APPROVALS



The number of approvals for units, flats and townhouses in the Illawarra is on track to overtake the number of approvals for houses.

- A total of 4,220 dwelling were approved in the Illawarra during the year to March 2019, up 19.7% on the year to March 2018. Approvals for flats, units and townhouses were up 25.9% to 2,108 while approvals for houses increased 14.1% to 2,112.
- Across the WSD, dwelling approvals were up 15.5% to 2,705. This consisted of 1,227 houses (up 31.9%) and 1,478 units (up 4.7%).
- Looking at the March 2019 quarter, ISD approvals totalled 1,199, up 30.9% on the December 2018 quarter. Unit approvals doubled to 691 (up 100.3%) while approvals for houses fell 11.0% to 508.

NUMBER OF DWELLING APPROVALS



DWELLING APPROVALS



- Shellharbour LGA (1,658) accounted for 39.3% of the total number of dwelling approvals (4,220) in the Illawarra for the year to March 2019.
- This was followed by Wollongong LGA, which accounted for 21.6% of the total.

DWELLING APPROVALS BY LGA

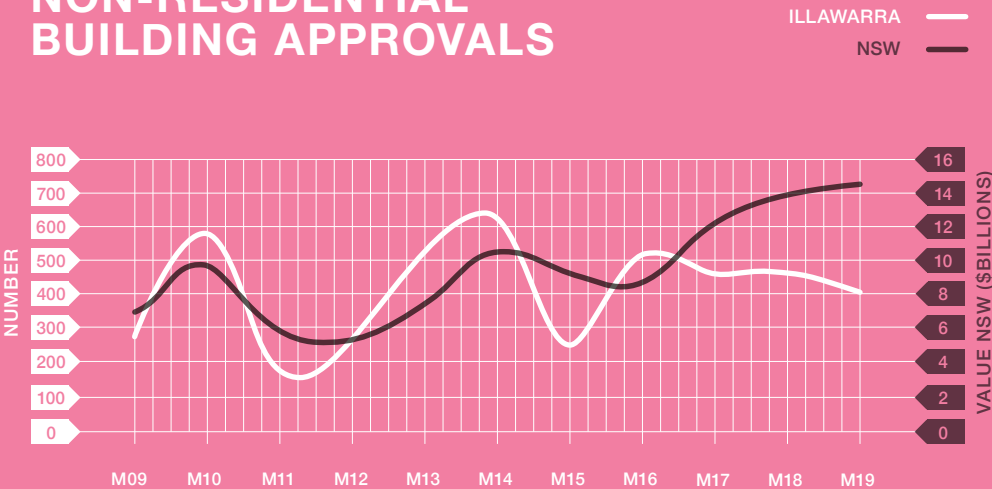
	YEAR TO QUARTER				
	M15	M16	M17	M18	M19
WOLLONGONG LGA	928	1,165	1,052	1,473	913
SHELLHARBOUR LGA	519	587	560	578	1,658
KIAMA LGA	43	88	385	291	134
SHOALHAVEN LGA	689	688	613	963	609
WINGECARRIBEE LGA	468	925	381	221	906

NON-RESIDENTIAL BUILDING APPROVALS

The value of commercial buildings approvals in the Illawarra continued to decline after a particularly bleak March 2019 quarter.

- The value of non-residential building approvals in the Illawarra totalled \$406.2 million, down 12.0% on the year to March 2018. This was driven by a 60.6% fall in public investment to \$82.0 million.
- 74.0% of the aforementioned ISD investment was generated in the WSD (up 31.1% to \$300.6 million). Meanwhile, there was \$14.4 billion of commercial building approvals in NSW, up 4.5%.
- Sectors showing growth include shops (to \$100.1 million), education (to \$77.9 million) and offices (to \$54.7 million). Sectors which saw lower investment include hotels (to \$5.3 million), health (to \$11.0 million) and miscellaneous (to \$7.8 million).

NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS



Key results for the
March 2019 quarter:

- ISD non-residential approvals halved, down 53.6% to \$56.0 million during the quarter.
- Commercial approvals in the WSD slumped 69.6% to \$35.5 million.



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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 Spillelt, Operations Manager
Nicholas Beale, Research Executive

Report Notes:

The Profile Illawarra Report is produced quarterly by IRIS Research 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 Research database.

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MSR 701303