

PROFILE ILLAWARRA

MARCH 2019



HIGHLIGHTS



- 2.6% (net) of Illawarra businesses surveyed reported higher trading activity during the March 2019 quarter, down 14.5% pts on this time last year.
- The *Illawarra Consumer Sentiment Index* declined 2 pts to 89 pts over the year to March 2019. Meanwhile, Westpac's *Australian Consumer Sentiment Index* fell 4 pts to 99 pts.
- Coal production lifted 20.9% to 12.3 million tonnes over the year to December 2018. Average employment increased 2.3% to 2,439, leaving annual productivity up 18.1% to 5,043.1 tonnes per employee.
- There was a 5.2% fall in exports to 9.1 million tonnes over the year. Imports were up 1.7% to 14.8 million over the same period.
- Tourism expenditure in the South Coast region increased 5.1% to \$2.7 billion on the back of higher domestic daytrip and international overnight travel expenditure.

ANNUAL STATE OF THE REGION

HOUSE SALES	8,053
UNIT SALES	3,327
LAND LOT SALES	639
UNEMPLOYMENT	4.9%
YOUTH UNEMPLOYMENT	13.2%
EMPLOYED PERSONS	145,800

HIGHLIGHTS



- The un-employment rate in the Illawarra decreased 0.2% pts to 4.9% over the year while the youth unemployment rate increased 2.6% pts to 13.2%.
- The median rent for houses in the Wollongong Statistical District (WSD) lifted 1.8% to \$560 per week. The median rent for units increased 3.9% to \$530 per week over the same period.
- The median sale price for houses in the WSD decreased 0.8% to \$655,000 while the median sale price for units appreciated 0.9% to \$550,000.
- Approvals for houses in the Illawarra lifted 21.6% to 2,116 over the year to December 2018. Unit approvals increased 45.3% to 1,925 over the same period.
- The value of non-residential approvals in the Illawarra declined 27.7% to \$391.6 million over the year.

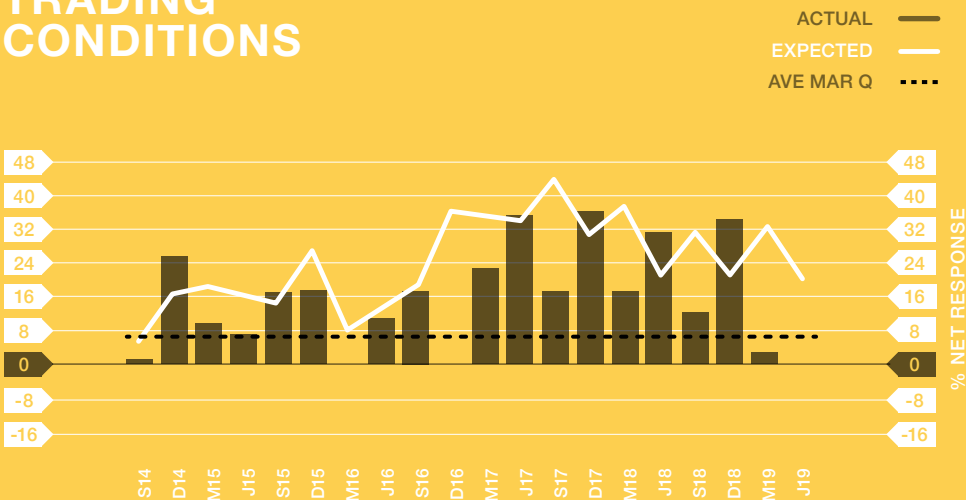
TONNES OF COAL	12.3 MILLION
TONNES OF EXPORTS	9.1 MILLION
TONNES OF IMPORTS	14.8 MILLION
DOMESTIC VISITOR NIGHTS	12.7 MILLION
NON-RES BUILDING APPROVALS	\$391.6 MILLION

TRADING ACTIVITY

Trading activity in the March 2019 quarter underperformed relative to expectations and preceding quarters.

- 2.6% (net) of Illawarra businesses reported higher trading activity during the March 2019 quarter, down 14.5% pts on this time last year. This result sits 4.2% pts below the long-term average for the quarter.
- Expectations for the June 2019 quarter are more positive with a net 21.8% anticipating higher trading activity. This result is up 0.7% pts on this time last year and 5.8% pts above the long-term June quarter expectation level.
- The underperforming March 2019 quarter result has continued a recurring six-monthly trend of lower than expected trading conditions.

TRADING CONDITIONS



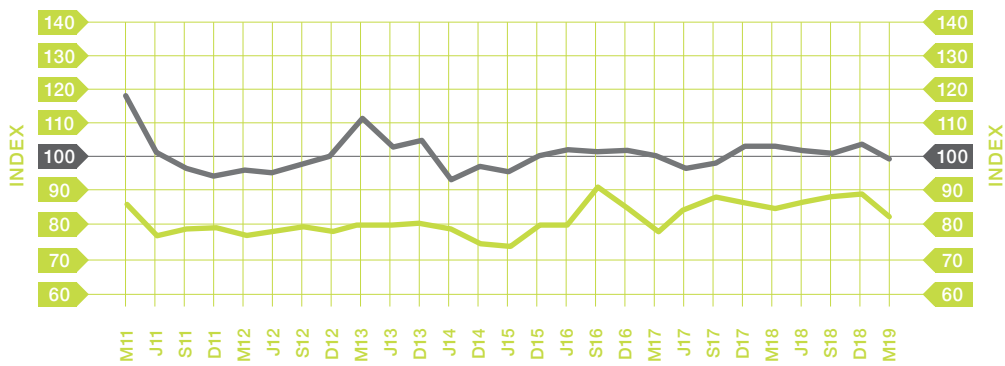
CONSUMER SENTIMENT

Consumer sentiment in the Illawarra has experienced a sharp decline over the March 2019 quarter.

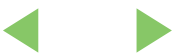
- The *Illawarra Consumer Sentiment Index* has declined 2 pts to 82 pts since the March 2018 quarter and is down 7 pts since the December 2018 quarter. This result sits 4 pts below the long-term average for the quarter.
- This was driven by worsening perceptions of household financial position, national economic conditions and job availability.
- Westpac's *Australian Consumer Sentiment Index* decreased 4 pts to 99 pts over the same period.

CONSUMER SENTIMENT

AUSTRALIA —
ILLAWARRA —



TRADE



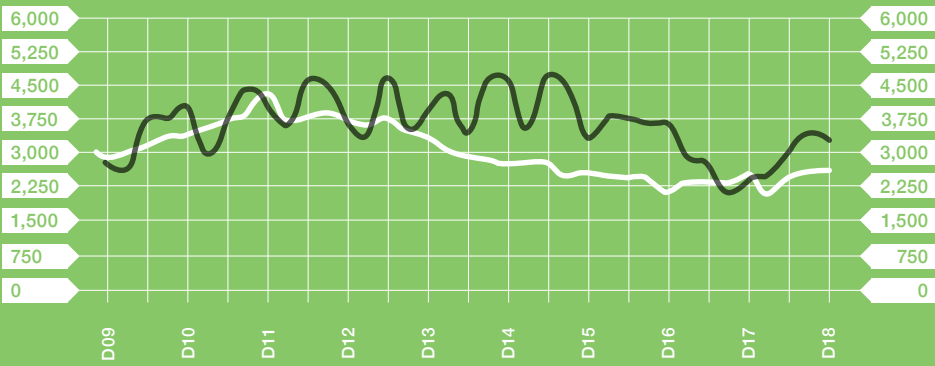
SOUTHERN MINES COAL PRODUCTION

There has been strong growth in production over the past 12 months despite a relatively poor December 2018 quarter.

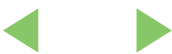
- A total of 12.3 million tonnes was produced during the year to December 2018, up 20.9% on the year to December 2017. Over the same timeframe average employment increased 2.3% to 2,439.
- As the growth in production was higher than the growth in employment, yearly productivity strengthened 18.1% to 5,043.1 tonnes per employee.
- During the three months to December 2018:
 - A total of 3.3 million tonnes was produced, down 5.3% on the September 2018 quarter. Average employment rose 1.8% to 2,593.
 - As a result, quarterly productivity was down 7.0% to 1,270.7 tonnes per employee.

SOUTHERN MINES COAL PRODUCTION

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



TRADE



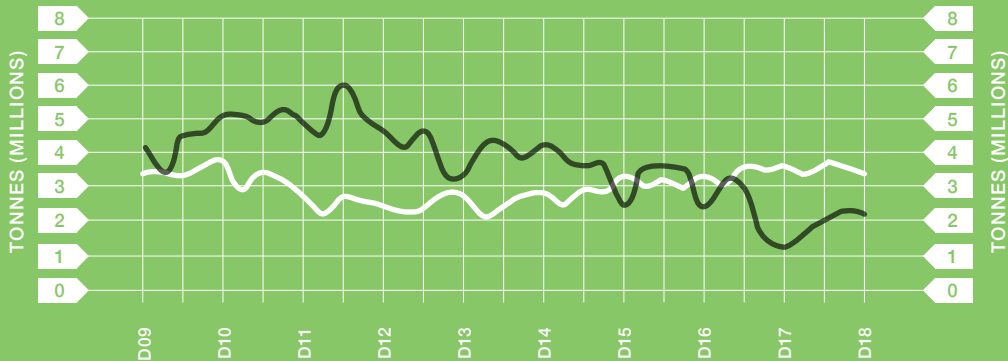
PORT KEMBLA TRADE

Imports and exports declined during the December 2018 quarter.

- Exports declined 5.2% to 9.1 million tonnes during the year to December 2018.
- There was a 1.7% increase in imports to 14.8 million tonnes over the same period.
- During the three months to December 2018:
 - Exports fell 4.6% to 2.4 million tonnes.
 - Imports declined 5.6% to 3.6 million tonnes.

PORT KEMBLA TRADE

TOTAL IMPORTS —
TOTAL EXPORTS —



TOURISM

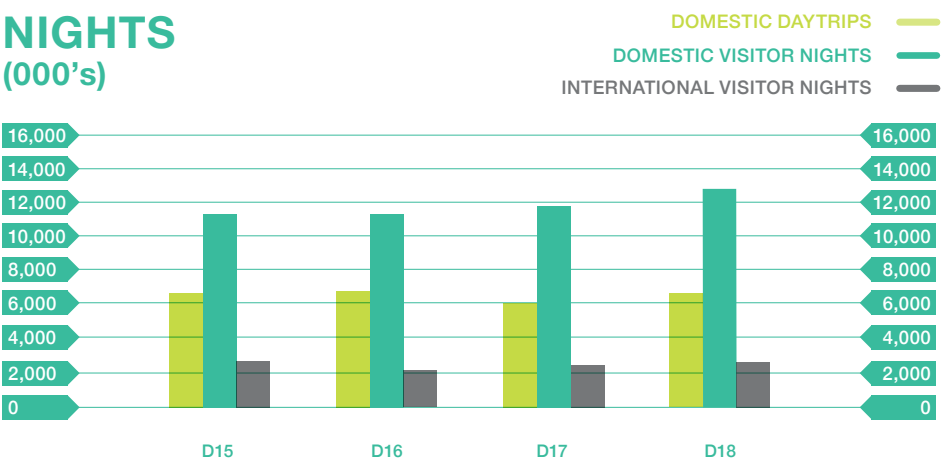


The latest data from Destination NSW for the South Coast region shows that tourism expenditure has increased over the year with growth in expenditure across all three categories of tourism.

- The average daytrip visitor spent \$91, up 3.6% on the year to December 2018. The number of daytrip visitors increased 10.6% to 6.6 million. These results combined to leave domestic daytrip expenditure up 14.6% to \$605 million.
- 4.1 million domestic overnight travellers visited the South Coast region during the year to December 2018, up 8.2%. These visitors spent 12.7 million nights in the region, up 8.2%. The average spend per day was \$145, down 6.4%. Overall, domestic overnight tourism expenditure increased 1.5% to \$1.8 billion.

	Year to Dec 17	Year to Dec 18	Change (%)
Domestic Daytrips	5,980	6,614	10.6
Domestic Visitor Nights	11,784	12,749	8.2
International Visitor Nights	2,482	2,647	6.6

NIGHTS (000's)



TOURISM

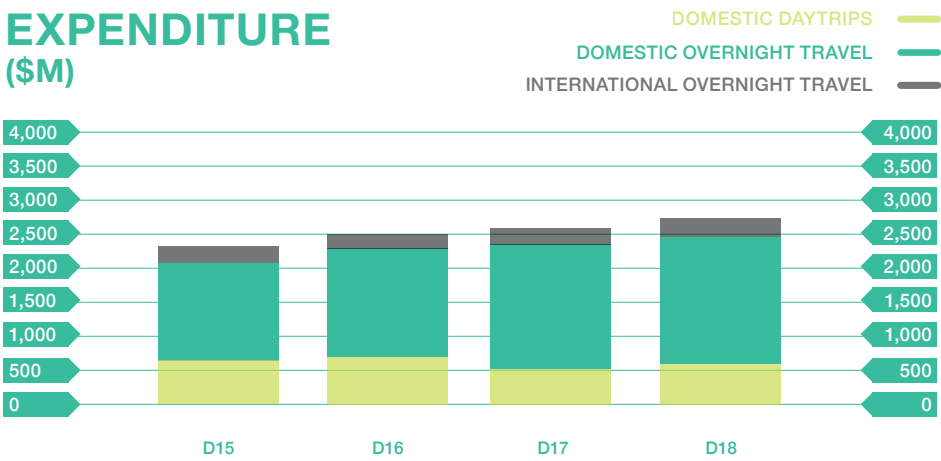


Over the same timeframe 194,000 international tourists visited the region, up 7.4%. Nights spent in the region increased 6.6% to 2.6 million. Per night spend was up 4.1% to \$102. These results combined to leave international tourism expenditure up 11.2% to \$269 million.

Overall, tourism expenditure totalled \$2.7 billion, up 5.1% on the year to December 2017. There was growth in expenditure for all three categories of tourism over the year.

	Year to Dec 17	Year to Dec 18	Change (%)
Domestic Daytrips	528	605	14.6
Domestic Visitor Nights	1,820	1,847	1.5
International Visitor Nights	242	269	11.2
Total	2,590	2,721	5.1

EXPENDITURE (\$M)



LABOUR MARKET

Labour market conditions improved over the year but softened in the December 2018 quarter.

- On average, 142,400 persons were employed in the Illawarra, up 2.4% on the year to December 2017.
- As a result, the local unemployment rate saw a slight improvement, down 0.2% pts to 4.9%.
- The participation rate lifted 0.5% pts to 60.5%.
- The youth unemployment rate saw an increase, up 2.6% pts to 13.2%.
- The average number of persons receiving unemployment benefits in the Illawarra declined 6.0% to 7,617.

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

	Year to Dec 17 (Ave.)	Year to Dec 18 (Ave.)
EMPLOYMENT (No.)	142,400	145,800
UNEMPLOYMENT RATE (%)	5.1	4.9
PARTICIPATION RATE (%)	60.0	60.5
YOUTH UNEMPLOYMENT RATE (%)	10.7	13.2
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	8,107	7,617

LABOUR MARKET



Labour market results for the December 2018 quarter:

- The average number of employed persons decreased 3.5% to 144,800.
- The unemployment rate rose 1.8% pts to 6.0% over the quarter.
- The participation rate was down 1.3% pts to 60.5%.
- The youth unemployment rate increased 6.3% pts to 16.7%.
- The average number of persons receiving unemployment benefits decreased 3.6% to 7,174.

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

	Sep 18 Qtr (Ave.)	Dec 18 Qtr (Ave.)
EMPLOYMENT (No.)	150,100	144,800
UNEMPLOYMENT RATE (%)	4.2	6.0
PARTICIPATION RATE (%)	61.7	60.5
YOUTH UNEMPLOYMENT RATE (%)	10.4	16.7
UNEMPLOYMENT BENEFIT RECIPIENTS (No.)	7,440	7,174

RENTAL MARKET



An increase in rental supply of units pushed down the median rent price during the December 2018 quarter.

- The median rent for houses was \$560 per week, up 1.8% on the year to December 2017. The average number of houses advertised per week increased from 30 to 35.
- The median rent for units lifted 3.9% to \$530 per week. The average number of units advertised per week fell from 35 to 31.
- Key results for the three months to December 2018:
 - The median rent for houses was steady at \$560 per week. The average number of houses advertised per week increases from 31 to 40.
 - The median rent for units declined 5.5% to \$520 per week. This coincided with a strong increase in the number of units advertised per week, up from 23 to 36.

RENTAL MARKET VALUES

		YEAR TO DEC 17	YEAR TO DEC 18	YEARLY CHANGE (%)
HOUSES	MEDIAN WEEKLY RENTAL (\$)	550	560	1.8
	AVERAGE WEEKLY LISTINGS (NO.)	30	35	16.7
UNITS 1BR UNF	MEDIAN WEEKLY RENTAL (\$)	320	300	-6.3
	AVERAGE WEEKLY LISTINGS (NO.)	3	3	-
UNITS 2BR UNF	MEDIAN WEEKLY RENTAL (\$)	420	440	4.8
	AVERAGE WEEKLY LISTINGS (NO.)	17	16	-5.9
UNITS 3BR UNF	MEDIAN WEEKLY RENTAL (\$)	550	560	1.8
	AVERAGE WEEKLY LISTINGS (NO.)	14	12	-14.3
UNITS TOTAL	MEDIAN WEEKLY RENTAL (\$)	510	530	3.9
	AVERAGE WEEKLY LISTINGS (NO.)	35	31	-11.4

RENTAL MARKET

Selected Areas

Looking at
selected areas:

- For houses, Lake Illawarra South to Oak Flats saw the highest growth in median rent, up 9.0% to \$460 per week. This was followed by Unanderra to Mount Kembla, up 8.7% to \$565 per week.
- For units, Unanderra to Mount Kembla saw the highest growth, up 20.0% to \$480 per week. This was followed by Albion Park to Albion Park Rail, up 11.2% to \$467 per week.

MEDIAN RENTS FOR SELECTED AREAS

YEAR TO
DEC
17

YEAR TO
DEC
18

YEARLY
CHANGE
(%)

HOUSES	Austinmer/Thirroul	700	700	-	HOUSES
	Bulli/Woonona	650	650	-	
	Russell Vale to Fairy Meadow	580	575	-0.9	
	Wollongong to Figtree	575	570	-0.9	
	Unanderra to Mount Kembla	520	565	8.7	
	Dapto/Kanahooka/Koonawarra	495	500	1.0	
	Lake Heights to Windang	480	450	-6.3	
	Albion Park to Albion Park Rail	500	520	4.0	
	Lake Illawarra Sth to Oak Flats	477	520	9.0	
	Shellharbour	600	620	3.3	
UNITS/FLATS/TOWNHOUSES	Kiama	565	605	7.1	UNITS/FLATS/TOWNHOUSES
	Austinmer/Thirroul	550	600	9.1	
	Bulli/Woonona	500	500	-	
	Russell Vale to Fairy Meadow	420	430	2.4	
	Wollongong to Figtree	480	490	2.1	
	Unanderra to Mount Kembla	400	480	20.0	
	Dapto/Kanahooka/Koonawarra	430	425	-1.2	
	Lake Heights to Windang	340	320	-5.9	
	Albion Park to Albion Park Rail	420	467	11.2	
	Lake Illawarra Sth to Oak Flats	422	460	9.0	
	Shellharbour	490	497	1.4	
	Kiama	550	527	-4.2	

PROPERTY



There were mixed results in the Illawarra property market due to a weak December 2018 quarter.

- The median sale price for houses in the WSD fell 0.8% pts to \$655,000 over the year to December 2018. The median sale price for units was up 0.9% to \$550,000 while the median sale price for land fell 2.6% to \$375,000.
- Looking at the market for houses, Shoalhaven LGS saw the highest growth, up 2.1% to \$497,250. This was followed by Kiama LGA, up 0.5% to \$829,000.
- For units, Wingecarribee LGA recorded the highest growth, up 13.3% to \$595,000. This was followed by Shoalhaven LGA, up 3.8% to \$405,000.
- Looking at median sale prices for land, Kiama LGA saw the highest growth, up 7.0% to \$471,000. This was followed by Shoalhaven LGA, up 3.5% to \$265,000.

MEDIAN PROPERTY VALUES

	YEAR TO DEC 17	YEAR TO DEC 18	YEARLY CHANGE (%)
HOUSES			
WOLLONGONG STATISTICAL DISTRICT	660,000	655,000	-0.8
WOLLONGONG LGA	665,000	661,250	-0.6
SHELLHARBOUR LGA	620,000	616,100	-0.6
KIAMA LGA	825,000	829,000	0.5
SHOALHAVEN LGA	487,000	497,250	2.1
WINGECARRIBEE LGA	650,000	645,000	-0.8
UNITS/FLATS/TOWNHOUSES			
WOLLONGONG STATISTICAL DISTRICT	545,000	550,000	0.9
WOLLONGONG LGA	550,000	555,000	0.9
SHELLHARBOUR LGA	500,000	510,000	2.0
KIAMA LGA	629,000	640,000	1.7
SHOALHAVEN LGA	390,000	405,000	3.8
WINGECARRIBEE LGA	525,000	595,000	13.3
LAND			
WOLLONGONG STATISTICAL DISTRICT	385,000	375,000	-2.6
WOLLONGONG LGA	390,000	395,000	1.3
SHELLHARBOUR LGA	370,000	340,000	-8.1
KIAMA LGA	440,000	471,000	7.0
SHOALHAVEN LGA	255,950	265,000	3.5
WINGECARRIBEE LGA	375,000	370,000	-1.3

PROPERTY



Results for the December 2018 quarter:

- The median sale price for houses in the WSD was steady at \$645,000 while the median sale price for units fell 4.1% to \$540,000
- In the market for houses, Kiama LGA saw the highest quarterly growth, up 0.3% to \$815,000.
- For units, Kiama LGA increased 11.1% to \$752,500 over the December 2018 quarter.
- Quarterly results for land are not reported due to a low number of sales.

SALES

	YEAR TO DEC 18		
	HOUSES	UNITS	LAND
WOLLONGONG STATISTICAL DISTRICT	8,053	3,237	639
WOLLONGONG LGA	5,172	2,431	310
SHELLHARBOUR LGA	2,176	552	264
KIAMA LGA	705	254	65
SHOALHAVEN LGA	4,596	439	860
WINGECARRIBEE LGA	1,313	263	427

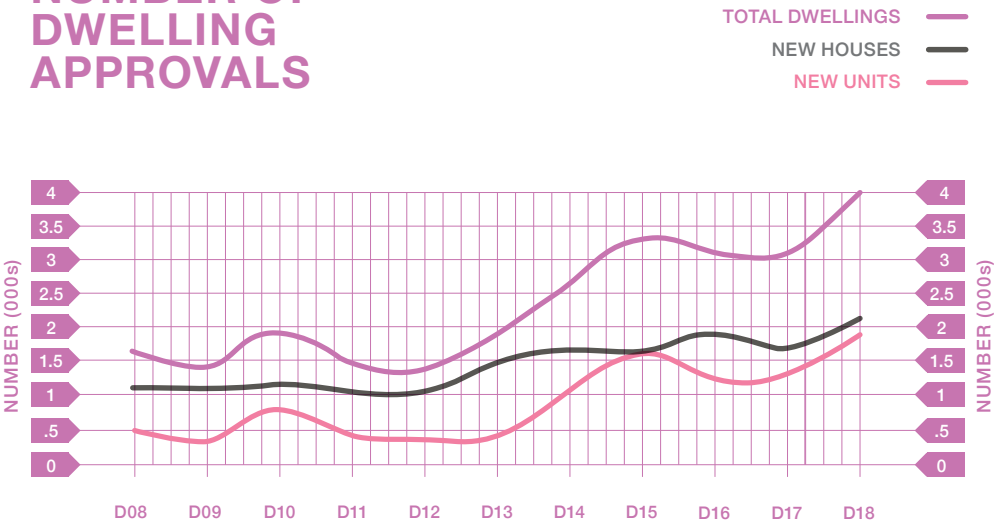
DWELLING APPROVALS



Year-on-year residential dwelling approvals experienced a strong increase, though the December 2018 quarter was the weakest of the year.

- A total of 4,041 dwellings were approved in the Illawarra during the year to December 2018, up 31.8% on the previous year. There was strong growth in both approvals for houses (up 21.6% to 2,116) and units (up 45.3% to 1,925).
- Across the WSD, dwelling approvals were up 29.9% to 2,625. This consisted of 1,142 houses (up 19.3%) and 1,483 units (up 39.4%).
- Looking at the December 2018 quarter:
 - ISD approvals totalled 916, down 1.2% on the September 2018 quarter. Housing approvals were up 6.5% to 571 but the number of unit approvals fell 11.8% to 345.

NUMBER OF DWELLING APPROVALS



DWELLING APPROVALS



- Wollongong LGA (1,335) accounted for 33.0% of the total dwelling approvals (4,041) in the Illawarra for the year to December 2018.
- This was followed by Shellharbour LGA which accounted for 28.0% of the total.

DWELLING APPROVALS BY LGA

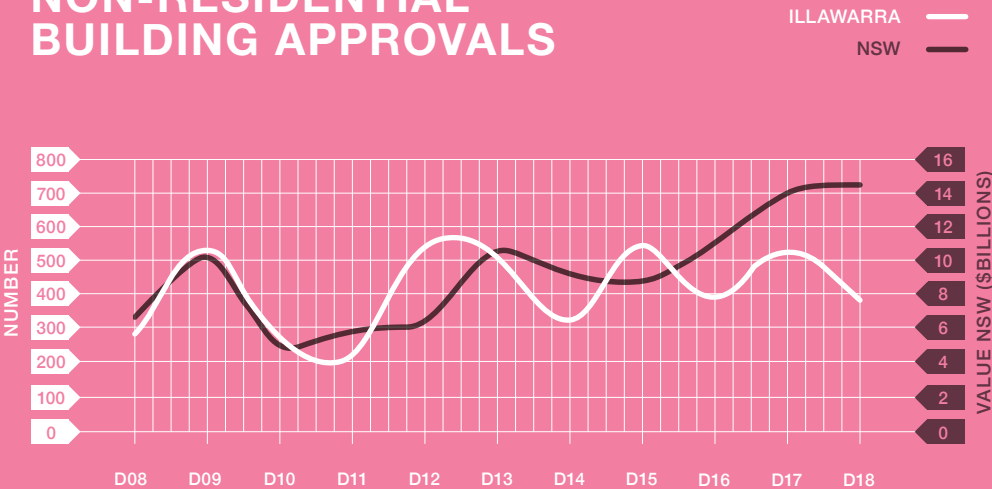
	YEAR TO QUARTER				
	D14	D15	D16	D17	D18
WOLLONGONG LGA	971	1,061	1,152	1,129	1,335
SHELLHARBOUR LGA	522	592	519	610	1,130
KIAMA LGA	73	92	337	282	160
SHOALHAVEN LGA	661	667	638	848	760
WINGECARRIBEE LGA	469	920	461	196	656

NON-RESIDENTIAL BUILDING APPROVALS

The decline in commercial building approvals in the Illawarra suggests construction continues to be reliant on residential investment.

- The value of non-residential building approvals in the Illawarra totalled \$391.6 million, down 27.7% on the year to December 2017. This was driven by a 71.4% fall in public investment to \$63.1 million.
- 76.7% of the aforementioned ISD investment was generated in the WSD (up 1.4% to \$300.2 million). Meanwhile, there was \$14.4 billion of commercial building approvals in NSW, up 3.5%.
- Sectors showing growth include shops (to \$94.7 million), education (to \$75.0 million), offices (to \$55.4 million) and agriculture/ aquaculture (to \$26.5 million). Sectors which saw lower investment include hotels (to \$5.1 million), health (to \$9.4 million) and miscellaneous (to \$7.6 million).

NUMBER OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS



Key results for the
December 2018 quarter:

- ISD non-residential approvals declined 14.5% to \$120.5 million during the quarter.
- Commercial approvals in the WSD slumped 32.4% to \$79.0 million over the same period.



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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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