

REAL ESTATE REPORT

JUNE 2019





SUMMARY

- The March 2019 quarter saw declining median sale prices for all types of property. Unit prices were the least affected, with the median sale price down 0.9% to \$550,000 over the 12 months to March 2019. Meanwhile, the median sale price for houses was down 3.8% to \$640,000 and for land was down 10.3% to \$350,000.
- Residential investment continues to surge with dwelling approvals in the Illawarra Statistical District (ISD) up 19.7% to 4,220. This represents \$1.4 billion of investment, up 16.2%. Over the same period dwelling approvals in the WSD rose 15.5% to 2,705 with residential investment up 9.8% to \$870.6 million.
- Sustained residential investment has continued to impact the rental market. Over the March 2019 quarter the median rent price for houses fell 1.8% to \$550 per week while the median rent price for units fell 4.8% to \$495.
- ISD commercial building approvals have continued to decline. The value of commercial building approvals declined 12.0% to \$406.2 million over the year to March 2019. This was felt most in Kiama LGA, Shellharbour LGA and Shoalhaven LGA. Commercial investment in Wollongong LGA increased 53.9% to \$246.8 million, which supported the wider WSD result.

SUMMARY

	YR TO D17	YR TO D18	CHANGE (%)
WOLLONGONG STATISTICAL DISTRICT			
Median House Price (\$)	665,000	640,000	-3.8
Median Flat/unit Price (\$)	555,000	550,000	-0.9
Median Land Price (\$)	390,000	350,000	-10.3
Median Weekly Rent Houses (\$)	550	560	1.8
Median Weekly Rent Units (\$)	510	520	2.0
Non-res Building (\$m)	299.4	300.6	31.1
Dwelling Approvals (No.)	2,342	2,705	15.5
ILLAWARRA STATISTICAL DISTRICT			
Non-res Building (\$m)	461.6	406.2	-12.0
Dwelling Approvals (No.)	3,526	4,220	19.7



WOLLONGONG STATISTICAL DISTRICT

Over the three months to March 2019 there was negative growth in the sale prices for both houses and units.

- The median sale price for houses declined 3.9% to \$620,000 over the quarter.
- The median sale price for units fell 1.9% to \$530,000.
- The median land price increased 7.8% to \$350,000. However, quarterly results for land should be treated with caution due to a relatively low number of sales.

WOLLONGONG STATISTICAL DISTRICT	DEC 18 QTR	MAR 19 QTR	QUARTLERLY CHANGE %
Median House Price (\$)	645,000	620,000	-3.9
Median Flat/unit Price (\$)	540,000	530,000	-1.9
Median Land Price (\$)*	326,719	350,000	7.8

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 was negative growth across the Illawarra, Shoalhaven and Southern Highlands over the year to March 2019.

- Wingecarribee LGA saw the largest fall in median sale price, down 6.0% to \$620,500. The next lowest was Wollongong LGA, down 4.6% to \$642,000.

- Shoalhaven LGA declined the least, down 1.0% to \$495,000.

Results for the March 2019 quarter:

- Wingecarribee LGA saw the highest quarterly increase, up 4.6% to \$630,000.
- Wollongong LGA declined 4.3% to \$617,500 over the quarter.

FLAT/UNIT PRICES

Despite a weak March 2019 quarter, the market for units, flats and townhouses was stronger over the year compared to houses.

- The median sale price for units in Wingecarribee LGA rose 10.1% to \$627,500. This was followed by Kiama LGA, up 4.9% to \$660,000.

- Wollongong LGA experienced negative growth, down 1.8% to \$555,000.

Results for the March 2019 quarter:

- Shoalhaven LGA was the only local government area to see an increase over the March 2019 quarter, up 2.3% to \$440,000.
- Kiama LGA saw the most significant quarterly fall, down 15.0% to \$640,000.

LAND PRICES

There was varied growth in land prices across the Illawarra.

- Shoalhaven LGA saw the highest growth in median land prices, up 21.6% to \$298,000. This was followed by Kiama LGA, up 4.7% to \$517,500.

- The median land price for Wingecarribee LGA fell 12.9% to \$370,000.

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



HOUSE PRICES

	YR TO M18	YR TO M19	CHANGE (%)
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

FLAT/UNIT PRICES

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 PRICES*

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

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 M18	YR TO M19	CHANGE (%)
Austinmer/Thirroul	1,100,000	1,100,000	-
Bulli/Woonona	920,000	852,500	-7.3
Russell Vale to Fairy Meadow	780,000	740,000	-5.1
Wollongong to Figtree	735,000	700,000	-4.8
Unanderra to Mt Kembla	630,000	575,000	-8.7
Dapto/Kanahooka/Koonawarra	570,000	566,000	-0.7
Lake Heights to Windang	550,000	520,000	-5.5
Lake Illawarra Sth to Oak Flats	590,000	562,500	-4.7
Shellharbour	805,000	760,000	-5.6
Kiama	825,000	803,000	-2.7

FLAT/UNIT PRICES

Bulli/Woonona	635,000	625,000	-1.6
Russell Vale to Fairy Meadow	536,000	539,500	0.7
Wollongong to Figtree	550,000	550,000	-
Dapto/Kanahooka/Koonawarra	550,000	497,500	-9.5
Lake Illawarra Sth to Oak Flats	475,000	520,000	9.5
Shellharbour	580,000	572,500	-1.3
Kiama	625,000	645,500	3.3

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

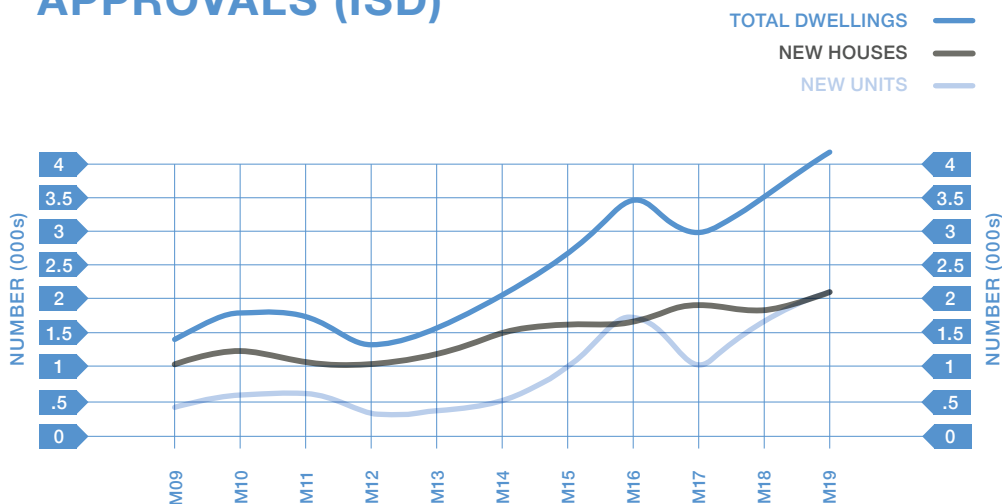


RESIDENTIAL BUILDING APPROVALS

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 (ISD)



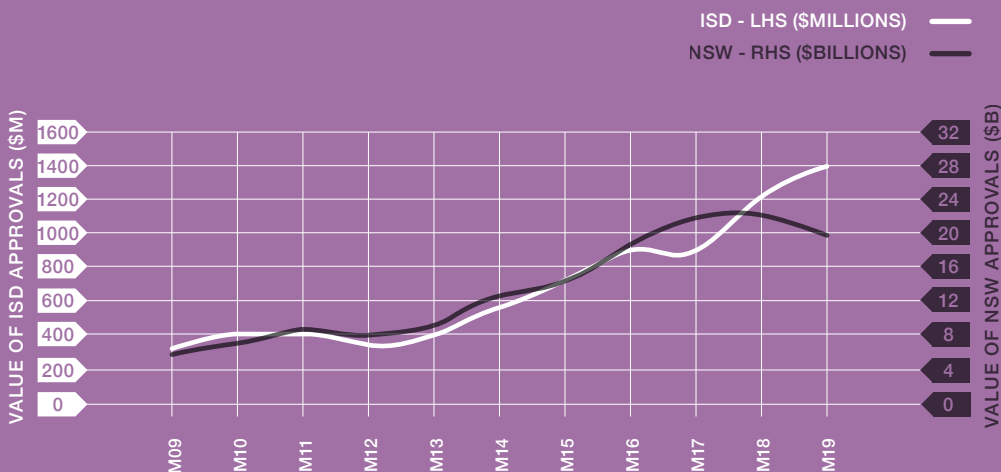


COST OF RESIDENTIAL BUILDING APPROVALS

The value of residential building approvals in the Illawarra continues to strengthen against state trends.

- The value of dwelling approvals in the Illawarra lifted 16.2% to \$1.4 billion over the year to March 2019. This was driven by a 27.4% increase in the value of housing approvals to \$786.8 million. Meanwhile, the value of NSW residential approvals declined 10.2% to \$20.1 billion.
- In the WSD the value of residential building approvals increased 8.4% to \$870.6 million. Housing approvals lifted 36.7% to \$442.1 million while unit approvals fell 1.5% to \$428.5 million.
- Looking at the March 2019 quarter, the value of ISD approvals increased 19.9% to \$402.1 million. Over the quarter the value of unit approvals lifted 71.3% to \$208.8 million.

VALUE OF DWELLING APPROVALS





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.

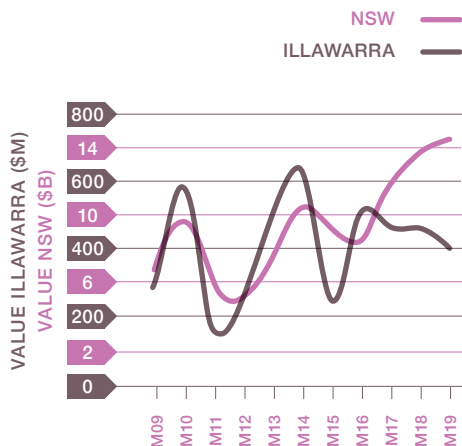
74.0% of the aforementioned ISD investment was generated in the WSD (up 31.1% to \$300.6 million). Meanwhile, there was \$14.4 billion of commercial building approvals in NSW, up 4.5%.

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).

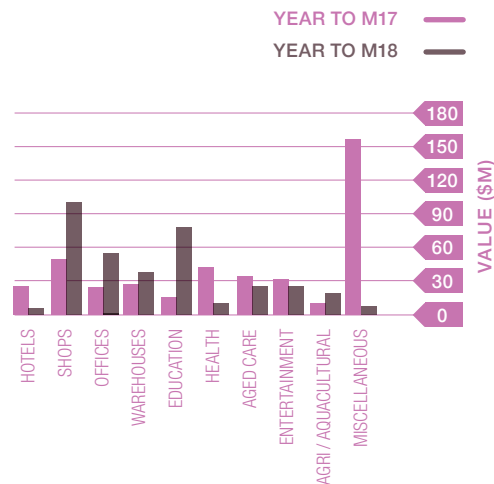
Key results for the March 2019 quarter:

- 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.

VALUE OF NON-RESIDENTIAL BUILDING APPROVALS



NON-RESIDENTIAL BUILDING APPROVALS BY SECTOR





BORROWING COSTS

The housing loan variable rate has increased 15 basis points since this time last year.

• The Reserve Bank of Australia has kept the cash rate at 1.50% since August 2016.

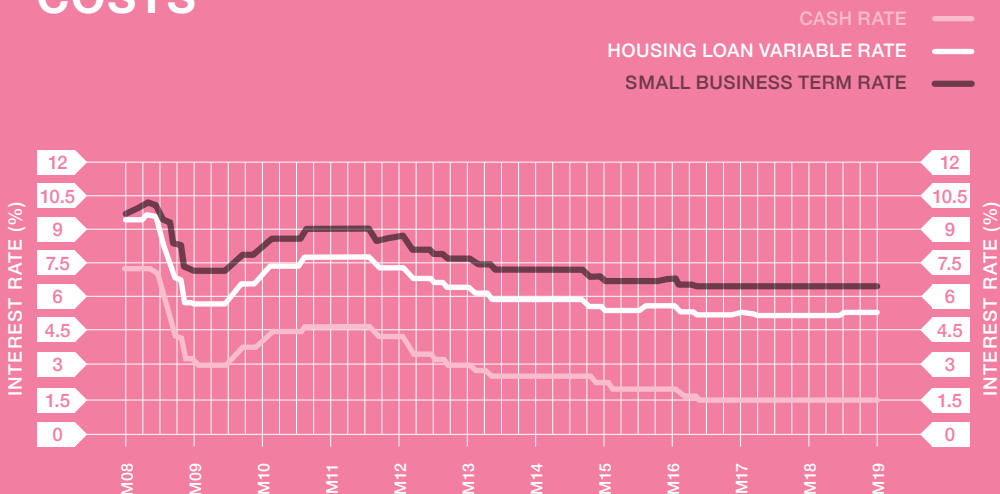
• The housing loan variable rate increased 3 basis points to 5.37% during the March 2019 quarter.

• The small business term rate was unchanged at 6.47% over the March 2019 quarter.

NOTE:
From February 2019 the Reserve Bank's lending rates data no longer rounds to the nearest 5 basis points. These changes have been applied retrospectively.

Source: IRIS/ABS Building Approval Statistics

BUSINESS FINANCING COSTS





RENTAL MARKET

An increase in the number of units advertised had downward pressure on the median rent price during the March 2019 quarter.

- Median rent for houses increased 1.8% to \$560 per week over the year to March 2019. The number of houses advertised rose from 30 to 37.

- Median rent for units lifted 2.0% to \$520 per week. The average number of units advertised fell from 37 to 34.

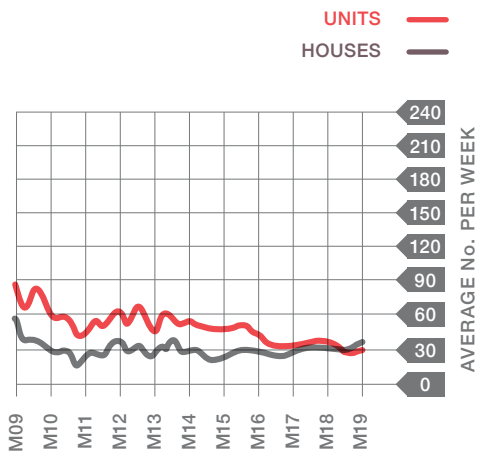
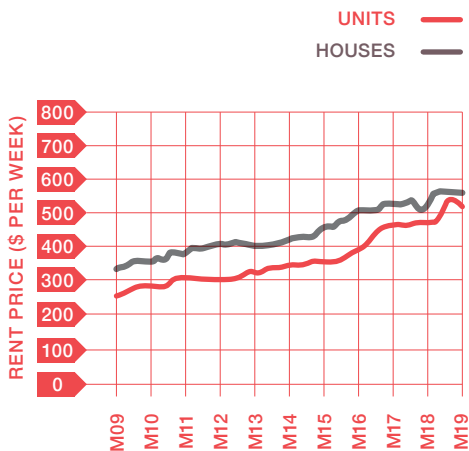
Key results for the March 2019 quarter:

- The median rent for houses fell 1.8% to \$550 per week. The number of houses advertised per week increased from 40 to 45.
- 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.

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 recorded the highest RROI at 5.0%. This was followed by Dapto, Kanahooka, Koonawarra (4.8%) and Lake Illawarra South to Oak Flats (4.7%).
- Austinmer/Thirroul had the lowest RROI at 3.3%. The next lowest was Kiama (3.9%) and Russell Vale to Fairy Meadow (3.9%).

In the rental market for flats/units:

- Shellharbour recorded the highest RROI at 4.7%. This was followed by Wollongong to Figtree (4.5%) and Lake Illawarra South to Oak Flats (4.5%).
- Dapto, Koonawarra, Kanahooka (4.0%) saw the lowest RROI.

HOUSE RENTAL PRICES

	YR TO M18	YR TO M19	RROI (%)
Austinmer/Thirroul	700	700	3.3
Bulli/Woonona	650	650	4.0
Russell Vale to Fairy Meadow	580	550	3.9
Wollongong to Figtree	587	560	4.2
Unanderra to Mt Kembla	550	550	5.0
Dapto/Kanahooka/Koonawarra	490	520	4.8
Lake Heights to Windang	482	450	4.5
Lake Illawarra Sth to Oak Flats	482	510	4.7
Shellharbour	610	620	4.2
Kiama	600	600	3.9

FLAT/UNIT RENTAL PRICES

	YR TO M18	YR TO M19	RROI (%)
Bulli/Woonona	500	500	4.2
Russell Vale to Fairy Meadow	420	440	4.2
Wollongong to Figtree	480	475	4.5
Dapto/Kanahooka/Koonawarra	450	380	4.0
Lake Illawarra Sth to Oak Flats	450	450	4.5
Shellharbour	515	520	4.7
Kiama	520	520	4.2

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



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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.

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