

WOLLONGONG LGA

Highlight Report®

PRD nationwide


OVERVIEW

The Wollongong Local Government Area (LGA) is located approximately 85 kilometres south of Sydney in the Illawarra Region of NSW. The area is easily accessible via the Southern Freeway and the Princes and Illawarra Highways, while Wollongong and Dapto rail stations link the respective town centres to Sydney, Nowra and the South Coast. The region's economy is based on strong healthcare, education and retail sectors, and a declining manufacturing sector.

PRDnationwide research identified an above average increase in retirees, pre-retirees and 25 to 29 age groups, with an overall decline in the share of 30 to 49 year olds. The aim of this report is to identify the employment and housing needs of the growing age groups.

MARKET INDICATORS

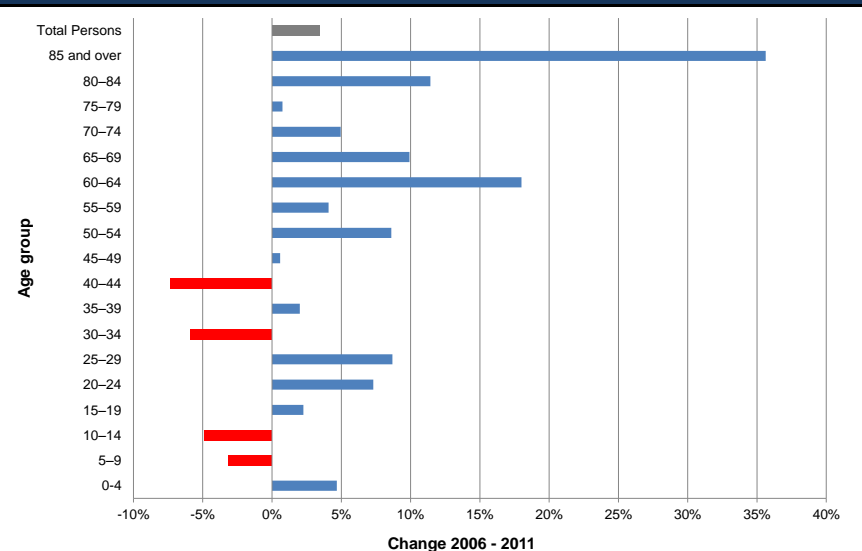
Change from Last	Year	Half Year
HOUSE SALES	↓	↑
HOUSE MEDIAN	↑	↑
HOUSE RENTS	↑	↔
UNIT SALES	↓	↑
UNIT MEDIAN	↑	↓

The indicators depicted above are based on the year ending October 2012. Rental indicators are based on 12 months to September 2012.

KEY HIGHLIGHTS

- The median house value in the Wollongong LGA was \$439,000 in October 2012, with a median rent price of \$380 per week.
- The variety of strata-titled accommodation has increased since 2001, with the share of semi-detached dwellings rising from eight per cent in 2001 to 11.5 per cent in 2011.
- Evidence suggests delays for downsizers trying to purchase a retirement unit are caused by lengthy selling periods and a lower selling price for their family home.

WOLLONGONG LGA CHANGE IN AGE GROUPS 2006 - 2011



Graph prepared by PRDnationwide Research. Source: ABS

HOUSING

The housing needs of a 29 year old person are very different to the needs of a 60 year old person. The former's mobility and stage in the lifecycle has historically dictated the need for a larger home, often detached accommodation, with space for a growing family. The latter will look to consolidate real estate gains by downsizing into a smaller and often less expensive dwelling. This often means selling a house outside the Wollongong area and moving to a new land estate, or exchanging a detached house for a semi-detached or high density dwelling close to a town centre. Demographic changes highlight an increasing demand for medium density dwellings driven by single-parent families, and single person households that are common in areas with a large over-65 population.

Most of the LGA's land estate areas are located around Dapto south of the Wollongong City Centre. More information about this part of Wollongong is provided in the Dapto Area Property Watch Q1 2013.

HOUSING (Cont.)

The median house value in the Wollongong LGA was \$439,000 in October 2012, with a median rent price of \$380 per week; most houses transacted in the suburbs of Woonona, Dapto and Figtree. The median house value and rent is detailed in the most active suburbs table to the left (ranked geographically from north to south). The table highlights a decline in median price between northern and southern suburbs, with Helensburgh and Woonona recording the highest medians while Figtree, Horsley and Dapto located south of the Wollongong CBD recording lower medians. The affordability in Horsley and Dapto made the area suitable to young families and pre-retirees who often rely on equity made from the sale of the family home to supplement their income into retirement.

Units

Development of strata-titled dwellings increased in the late 80's and into the 1990's. Wollongong's 30-Year Activity graph shows an average activity of 626 sales per annum between 1993 and 2003, with peak activity between 1991 and 1994. Unit activity declined since, registering an average of 444 sales per year over the 2003 to 2012 period. Most units transacted in Wollongong, although a notable number of strata-titled dwellings sold in neighbouring Woonona, West and North Wollongong.

In the 1990's units were considered somewhat of a novelty as ocean-view penthouses were selling to wealthy businesspeople, and house affordability was little concern. Since the early 2000's, the popularity of units signified a fall in affordability and, along with other large coastal cities, the shift to easy maintenance and secure accommodation. While high end product was slow to sell in the four years until 2009 activity has returned in the past three years, with most of surplus stock appears to have now been absorbed. The Development Pipeline graph depicts an increase in the number of units under construction and a firm development pipeline, with most construction activity centred in the Wollongong CBD.

Today units and townhouses offer older residents an affordable alternative to detached houses; they also provide solutions for a growing number of single parent and sole households. The variety of strata-titled accommodation has increased since 2001; while units and flats' share of the total dwellings remained steady between 2001 and 2011 (16 per cent), the share of semi-detached dwellings such as townhouses rising from eight per cent in 2001 to 11.5 per cent in 2011.

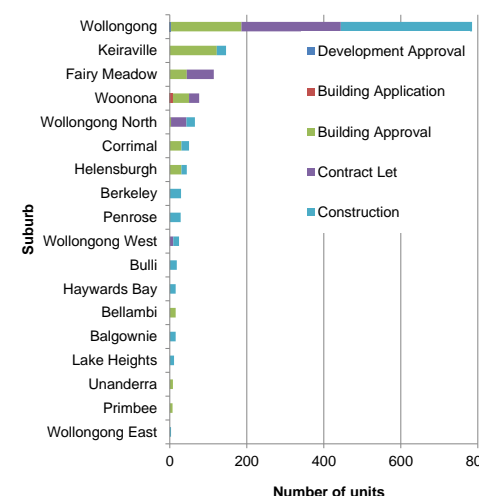
WOLLONGONG LGA'S MOST ACTIVE SUBURBS

Suburb	Median price	Median rent
Helensburgh	\$539,000	\$475
Woonona	\$515,000	\$450
Figtree	\$450,000	\$420
Horsley	\$411,500	\$365
Dapto	\$320,000	\$350

Table prepared by PRDNationwide Research. Source: PDS

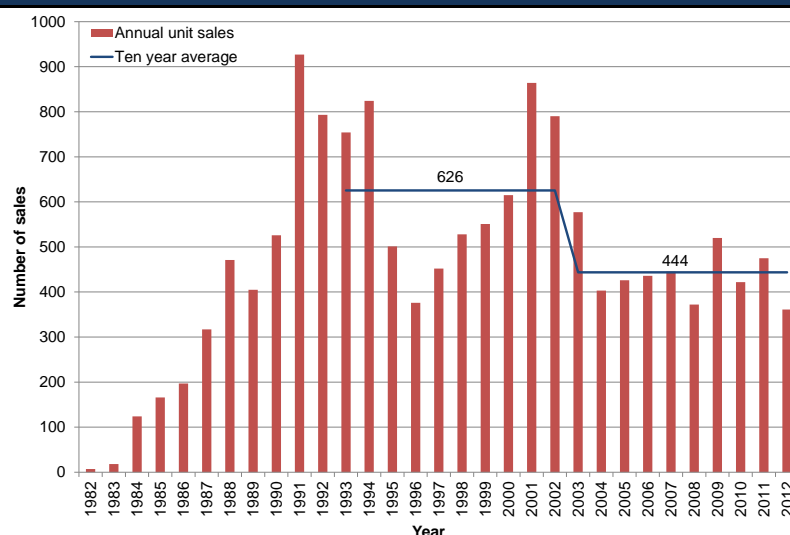
Medium density **dwellings** offer older residents an **affordable** alternative to detached houses; it also provides **solution** for a growing number of single parent and sole **households**.

WOLLONGONG LGA DEVELOPMENT PIPELINE



Graph prepared by PRDNationwide Research. Source: Cordell

WOLLONGONG UNIT 30-YEAR ACTIVITY



Graph prepared by PRDNationwide Research. RP Data

Retirement villages and aged care facilities

There are approximately 24 villages listed in the Wollongong council area, with size varying from a 154-resident village in the Seaside Lifestyle Community to smaller villages in Keiraville and Corrimal Street, Wollongong. Supply of aged care appears to meet demand, although there is little new stock coming to the market and some existing stock is reaching the end of its useful life. While most enquiries for retirement villages and low care facilities come from retirees in their mid-70's, residents in their mid-80's often seek high-care accommodation.

The strong growth in retiree population is now fully reflected in the take-up of retirement units. Anecdotal evidence points to lengthy selling periods and lower selling price for their family homes as downsizers attempt to access the equity required for the purchase a retirement unit. That said, demand for affordable product is strong despite softness toward the top-end of the retirement market.

Under construction are health and aged care facilities designed to cater for older population, while new land estates accommodate the needs of retirees, pre-retirees (60 to 64 age group) and young families. However, the 2011 Census points to an overall decline in residents aged 30 to 49, along with children between 5 and 14 years of age. The decline in the region's share of young families is linked to the challenging employment environment for young adults. Those in the 25 to 29 age group often elect to remain in Wollongong in the short term and commute to work in Sydney if required. However evidence shows that young families with children will prefer to relocate closer to employment opportunities as family demand becomes a priority.

EMPLOYMENT

Young adult population in the 25 to 29 age bracket is in need of stable income. Many of them want to advance in life by obtaining full-time employment in their profession of choice after completing their qualifications. Failure to find full-time employment at this stage will send residents to Sydney or other parts of New South Wales in search of a stable job. Conversely, pre-retirement population has in recent years experienced a decline in retirement savings amid improved life expectancy. Both factors suggest that people in their early 60's will increasingly be inclined (or forced) to seek employment to complement their passive income. The flexible working hours offered by the expanding retail and healthcare sectors will offer a solution for mature age employees seeking to supplement their retirement income.

According to the 2011 Census employment in the LGA has improved between 2006 and 2011, with an increase in the number of people employed in the City (+5,565) and a decrease in the number of unemployed people (-71).

Healthcare and Social Assistance, Education and Training and Accommodation and Food Services industries recorded an increase in the number of employees. However, the number of residents employed by the manufacturing sector declined to less than 10 per cent of the population; surprisingly, retail trade also declined below ten per cent. The slowdown in manufacturing was felt across Australia, led by the high cost of labour and a strong Australian dollar. The exchange rate also adversely impacted retail trade as overseas merchants compete with local outlets via online shopping. That said, Wollongong's retail jobs will benefit from the extension of Wollongong Central Shopping Centre, expected to generate 1,043 new retail and ancillary jobs upon completion. The healthcare sector is expected to benefit from the establishment of the Illawarra International Health Precinct, with the construction of the main hospital commencing in the first half of 2013. The staged development will continue for the next 12 to 15 years and result in a full-service medical centre with 352 beds, creating approximately 3,000 direct jobs.

SIGNIFICANT COUNCIL INITIATIVES

Council's effort to revitalise the City centre include the refurbishment of **Crown Street Mall** and the establishment of a free Wi-Fi service in the City centre.

The Council's **Blue Mile Vision** outlines the renovation of the City's beachfront aimed to

- establish **high quality open space**;
- **improve access** to the foreshore; and
- provide **high quality facilities** for visitors and local residents.



Image courtesy of GPT

GPT's Wollongong Central \$200 million expansion (artist impression only).

EMPLOYMENT (Cont.)

The construction industry, the sixth largest employer in Wollongong, added 227 jobs between 2006 and 2011. The growth will continue over the long term as major retail and health facilities are developed and residential land estate expand. South of Wollongong, the construction of the Shellharbour Marina and upgrade of the Princes Highway near Kiama will further boost construction employment.

Despite improving employment conditions unemployment remains a challenge in Wollongong as the jobless rate remains higher than the state average; the City recorded approximately seven per cent unemployment equating to 6,194 unemployed persons in 2011-12.

SUMMARY

Wollongong Council Area is a vibrant regional centre on the fringes of Sydney. The region's employment centre is shifting from manufacturing toward healthcare and construction, while retail jobs depend on expansion of the central trading area in the Wollongong CBD. Current demographic trends are expected to continue in the short and medium term, creating opportunities for the aged care sector and challenges for government agencies. To balance the impact of an ageing population the local and state government must urgently invest in projects to attract young families into the area. While urban revitalisation projects in the City's CBD and beaches are attempting to make the centre more vibrant, residents of other parts of the LGA appear to rely on Sydney and council areas to the south for amenities and employment.



Image courtesy of GPT

The expansion of Wollongong Central is set to take around two years to complete, with opening slated for 2014.

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