

Illawarra Region – What’s Happening in the Housing Market?

Housing Market - Rental

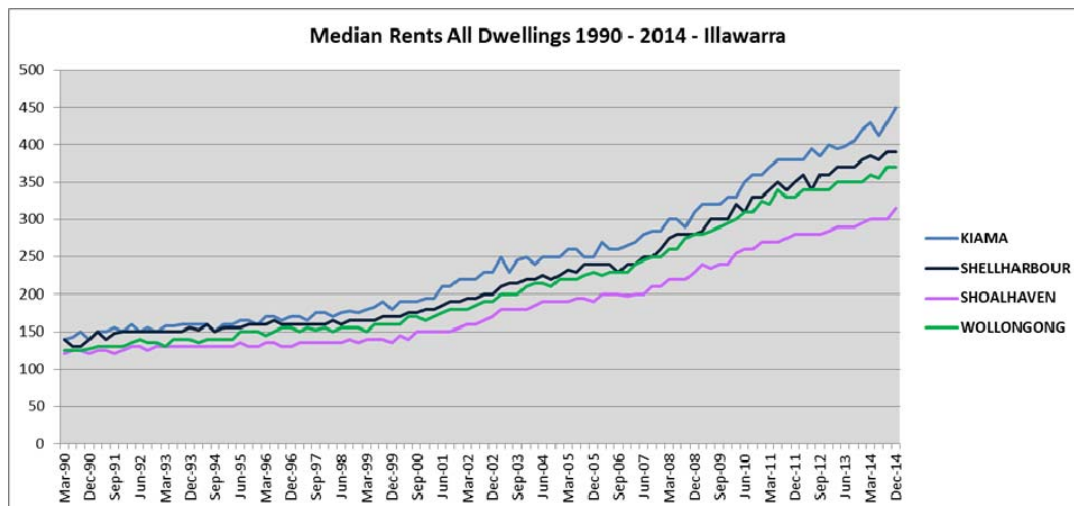
Rents

- There have been strong increases in median rents in all bedroom categories over the last five years in the Illawarra region, with the highest rent increases being for one bedroom properties in Wollongong (46.7%) and Shoalhaven (44.0%), followed by 2 bedroom and four bedroom dwellings in Kiama (43.3% and 43.1% respectively).
- The table below shows the proportionate change in rents for studio (0 bed), one, two, three and four or more bedroom dwellings in each of the Illawarra region LGAs between 2008 and 2013.

% change 2008 - 2013	0 Bed	1 bed	2 bed	3 bed	4 bed
Kiama			43.3	40.3	43.1
Shellharbour		32.4	39.3	35.7	30.3
Shoalhaven		44.0	38.9	33.3	38.2
Wollongong		46.7	36.2	26.6	25.0

Note there were insufficient studio dwellings to ascertain the median rent.

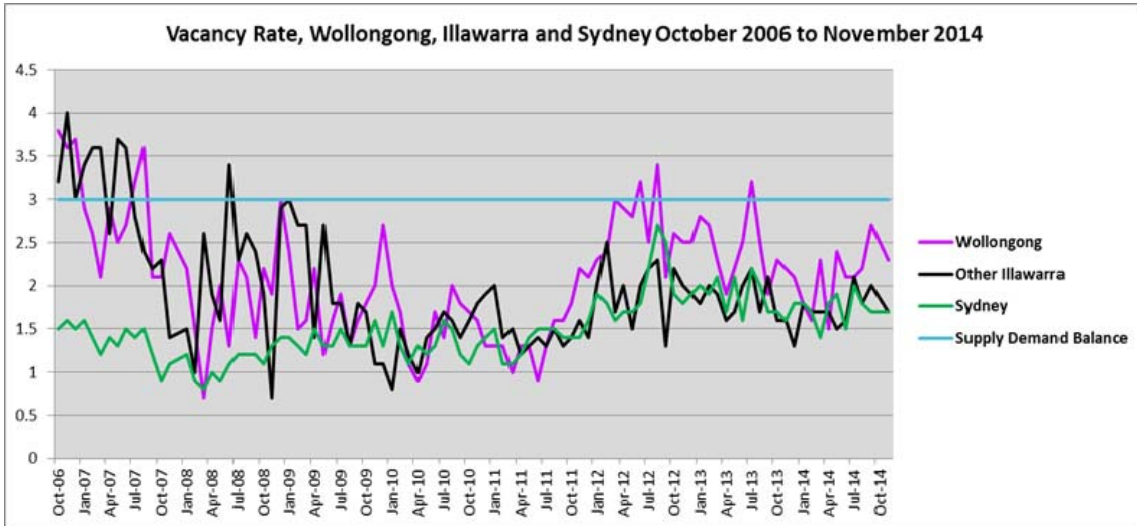
- The graph below shows changes in median rents for all dwellings from 1990 to 2013 in Wollongong, Shoalhaven, Shellharbour and Kiama. Rents increased slowly to 2001, after which they began to increase strongly. Over this time period, median rents in the Illawarra increased by between 2.36 times the 1990 median (Shoalhaven) and 2.95 times (Kiama), with almost all that growth occurring since 2001.



Vacancy Rate

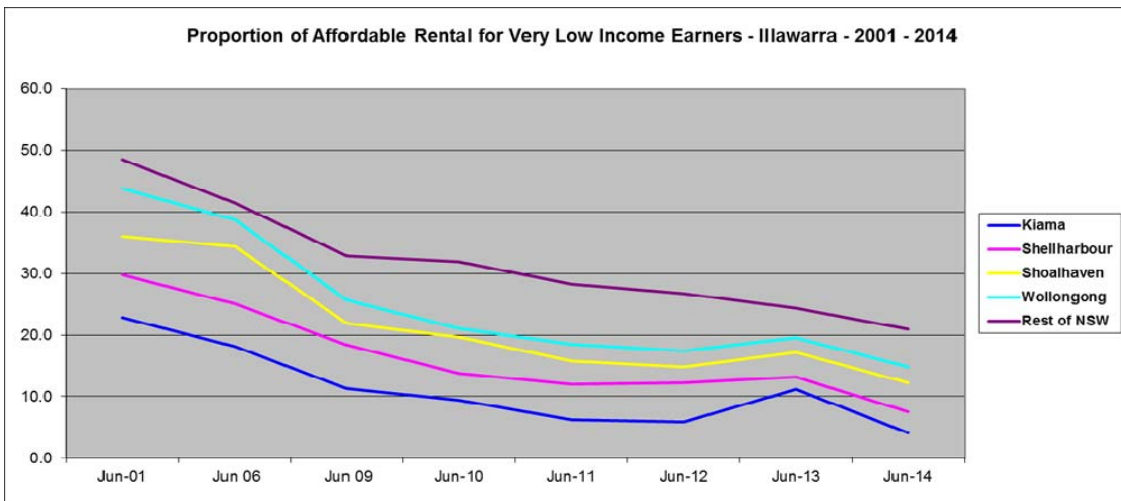
- A vacancy rate of 3% is understood to represent a balance between supply and demand. The graph below shows the vacancy rate in the Illawarra from 2006 to 2014, using REI NSW data. It clearly demonstrates that for virtually this entire period, there has been an

undersupply of private rental accommodation. At March 2015, the vacancy rate in Wollongong was 1.5 % and in Sydney was 1.6% according to SQM Research,.



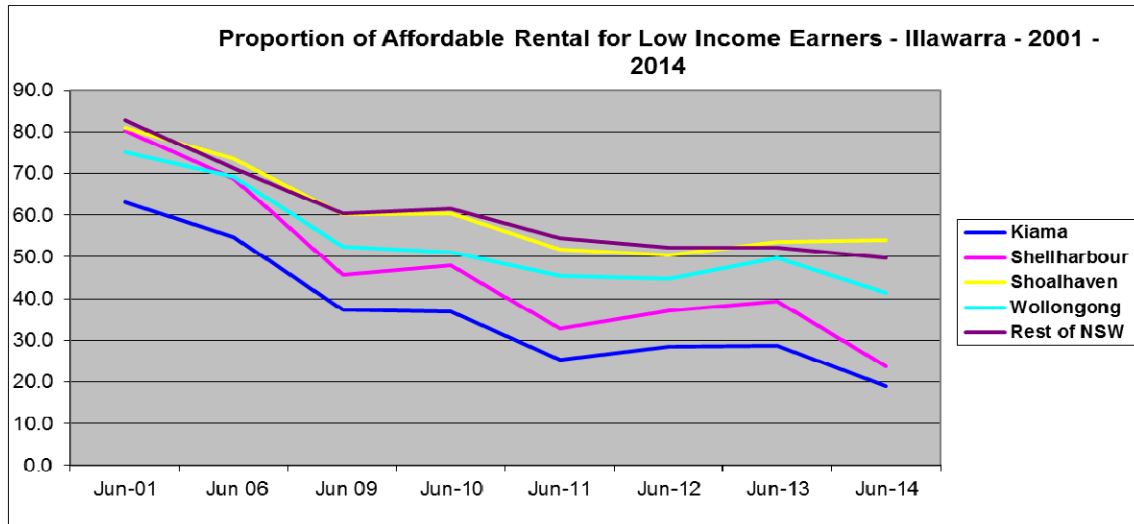
Affordable Rental

- The general trend across Sydney and NSW, has been for a decline in the proportion of rental stock which is affordable for very low, low and moderate income earners. Although this region is more affordable than Sydney, the reduction in the proportion of rental housing that is affordable has been significant. All the Illawarra LGAs have a much lower proportion of rental affordable for very low income households than the Rest of NSW average of 20.9%, with Kiama 4.2%, Shellharbour 7.5%, Shoalhaven 12.3% and Wollongong 14.9% at June 2014.
- The graph below shows the change in the proportion of private rental accommodation that is affordable to very low income households in the Illawarra LGAs and Rest of NSW between 2001 and 2014.



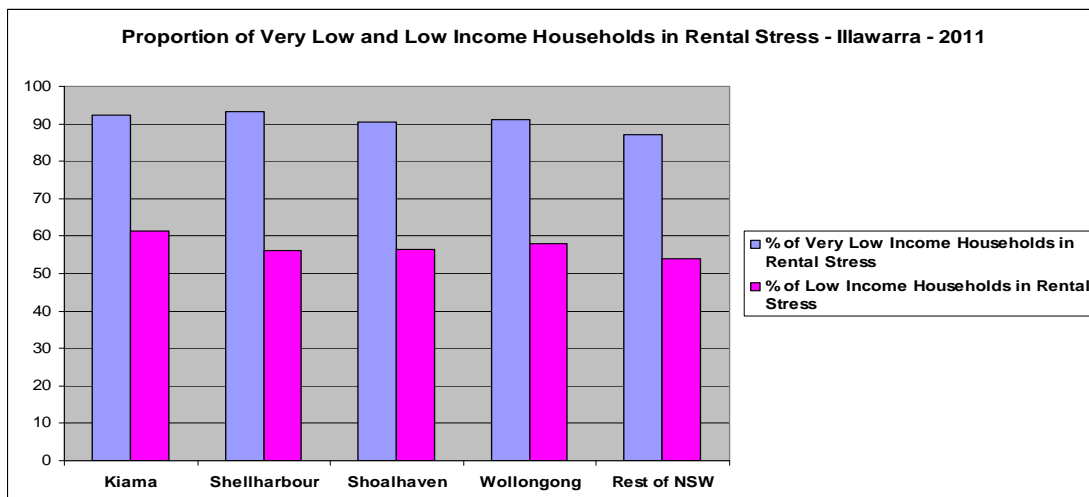
- The proportion of rental affordable for low income households has also declined in the Illawarra region, with all but Shoalhaven below the average for the Rest of NSW (49.9%) with 20.5% in Kiama, 29.8% in Shellharbour, 41.0% in Wollongong and 54.9% in Shoalhaven.

- Given the predominance of and growth in low income households and increasing number of low income rental households in the Illawarra region, the declining proportion of private rental accommodation affordable for lower income earners is of concern. This suggests a growing gap between demand and supply, which is borne out by other evidence below.
- The graph below shows the change in the proportion of private rental accommodation that is affordable for low income households in the Illawarra LGAs and the Rest of NSW generally between 2001 and 2013.



Rental Stress

- All Illawarra region LGAs have higher levels of very low income households in rental stress than the average of 87% for the Rest of NSW (ranging from 93% in Shellharbour to 91% in Wollongong and Shoalhaven).
- In addition, all have higher levels of low income households in rental stress than the average of 54% for the Rest of NSW (ranging from 61% in Kiama to 56% in Shellharbour and Shoalhaven). At the 2011 Census there were 15,775 low income renters in housing stress across the subregion.
- The graph below shows the proportion of both very low and low income households in rental stress in the Illawarra LGAs and the Rest of NSW at the 2011 Census.



The table below shows the number and proportion of tenants in the Illawarra region who are in the private rental market, are in receipt of Commonwealth Rent Assistance, and even with this

additional income support, are in housing stress. Wollongong, Kiama and Shellharbour have a higher proportion of CRA recipients in housing stress than the average for the Rest of NSW.

Area	Total CRA recipients 2012	CRA recipients in Housing Stress 2012	% in Stress
Kiama	865	341	39.4
Shellharbour	3,632	1,255	34.6
Shoalhaven	7,503	2,100	28.0
Wollongong	11,956	4,920	41.2
Rest of NSW	181,401	58,843	32.4

Loss of Affordable Housing Stock

- FACS has calculated the number of new bonds lodged that were affordable to low income earners in Kiama, Shellharbour, Shoalhaven and Wollongong in 2006, 2010 and 2013. All Illawarra region local government areas experienced a significant decline in affordable bonds lodged, and consequently loss of affordable housing between 2006 and 2013 – with Wollongong having 1,409 fewer affordable bonds lodged – representing a loss of 61% of affordable stock; Shoalhaven lost 58%; Shellharbour lost 67% of affordable rental bonds lodged; and Kiama lost 79%. Kiama in particular had almost no affordable private rental bonds lodged in 2013.
- The table below shows the number of bonds lodged that were affordable to low income households in 2006, 2010 and 2013 in Kiama, Shellharbour, Wollongong and Shoalhaven.

No. of affordable rental properties for low income			
LGA	2006	2010	2013
KIAMA	81	33	17
SHELLHARBOUR	340	190	113
WOLLONGONG	2,312	1,079	903
SHOALHAVEN	1,244	627	524

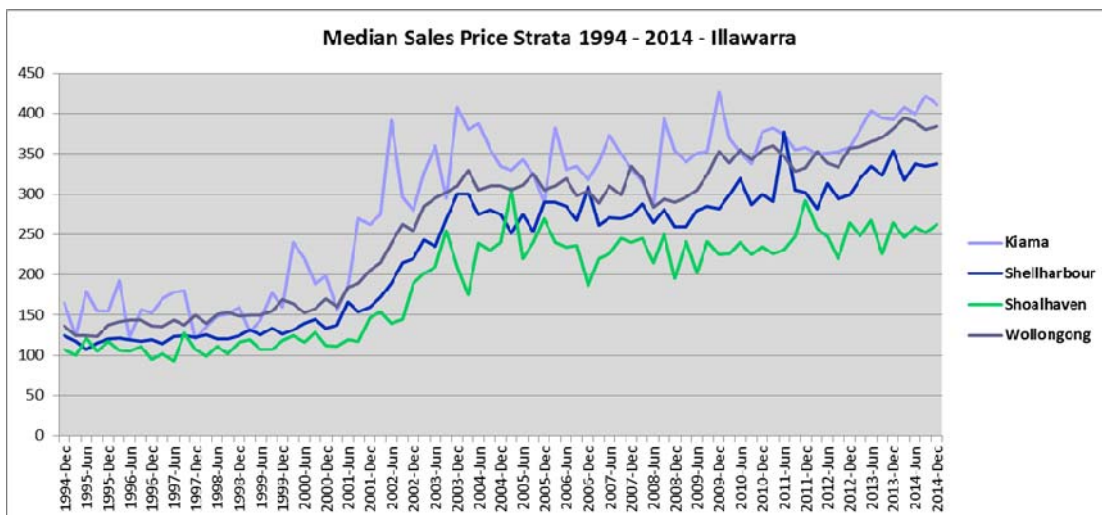
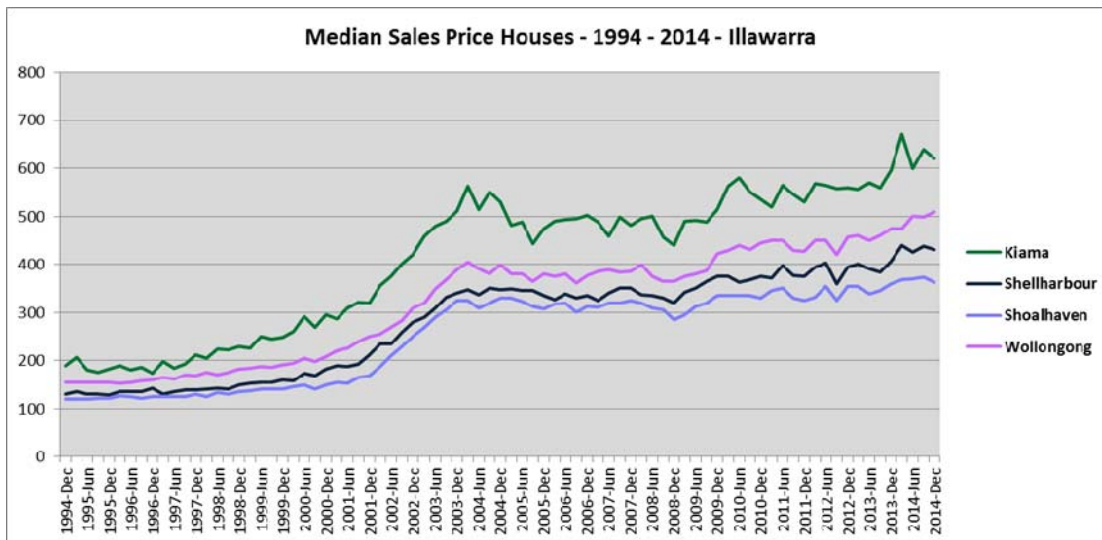
Housing Market - Purchase

Sales Price

- Over the last five years changes in price have been upward (with the exception of flats in Shoalhaven, where the median sales price actually declined by 7.8% between 2008 and 2013) with the strongest increase being for flats in Kiama (25.4%).
- The table below shows the numeric (in dollar terms) and proportional change in median rents for both houses and flats in each of the Illawarra Region LGAs between 2008 and 2014.

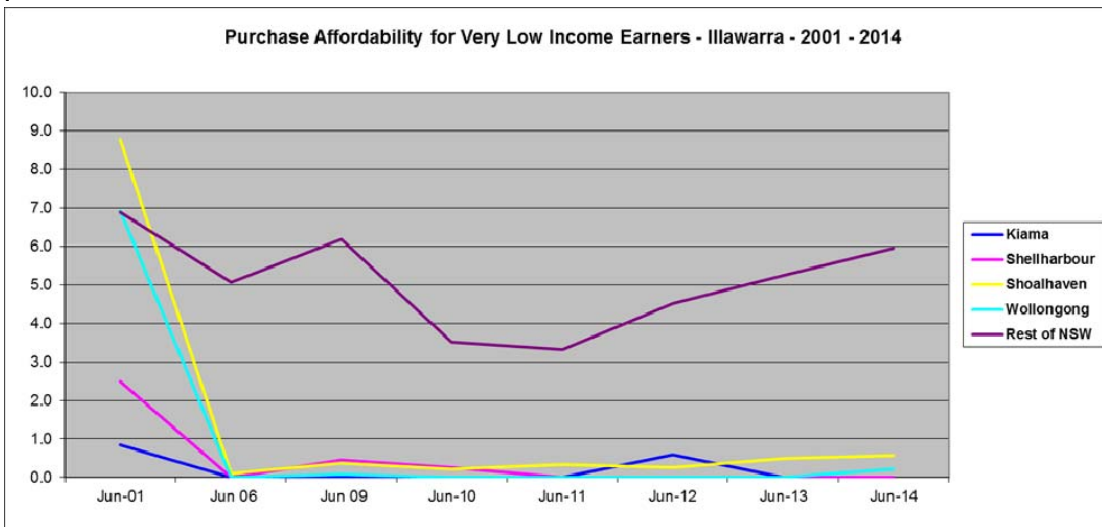
LGA	Flats				Houses			
	2008-Mar	2014-Dec	Change	%	2008-Mar	2014-Dec	Change	%
Kiama	315	411	96	30.4	495	620	125	25.3
Shellharbour	288	338	50	17.2	337	430	94	27.8
Shoalhaven	245	263	18	7.1	320	363	43	13.3
Wollongong	320	385	65	20.2	400	510	110	27.4

- The following graphs presenting the long term median sales price trend for houses and for strata properties show that there has been a significant increase in the sales price of both since 1994 in all four Illawarra region LGAs. Most of the increase for houses occurred between 2000 and 2004, after which prices dropped off a little and then rose again from 2009. The pattern for strata properties shows more quarterly variation but the trend is similar.

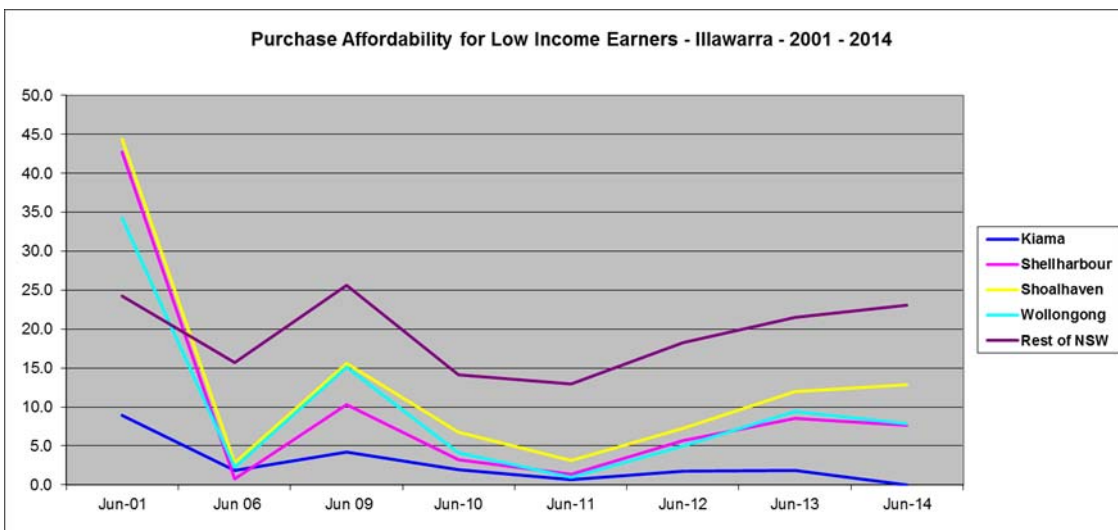


Purchase Affordability

- In all four of the Illawarra region LGAs, purchase affordability for very low income earners has been at close to 0% for the last 7 years, well below the level for the Rest of NSW, as the graph below demonstrates.
- This graph shows purchase affordability for very low income households in Kiama, Shellharbour, Shoalhaven, Wollongong and the Rest of NSW between 2001 and 2014.



- Purchase affordability for low income households in the Illawarra region is only a little better. At December 2014, 0% of properties in Kiama were theoretically affordable for purchase by low income households, 5.0% in Shellharbour, 3.9% in Wollongong and 12.9% in Shoalhaven, all well below the low 22% average in the Rest of NSW.
- The graph below shows the change in purchase affordability for low income households in the Illawarra LGAs and Rest of NSW between 2001 and 2014.



Additional Data

Additional data on rents and sale prices, including both current and historical data, is available from the Rent and Sales Report on the Housing NSW website at:

<http://www.housing.nsw.gov.au/About+Us/Reports+Plans+and+Papers/Rent+and+Sales+Reports/>

More detailed housing data and tables used in this Snapshot are available from the Local Government Housing Kit Database on the Housing NSW website at:

<http://www.housing.nsw.gov.au/Centre+For+Affordable+Housing/NSW+Local+Government+Housing+Kit/Local+Government+Housing+Kit+Database/>