



# Commentary

## Residential buildings

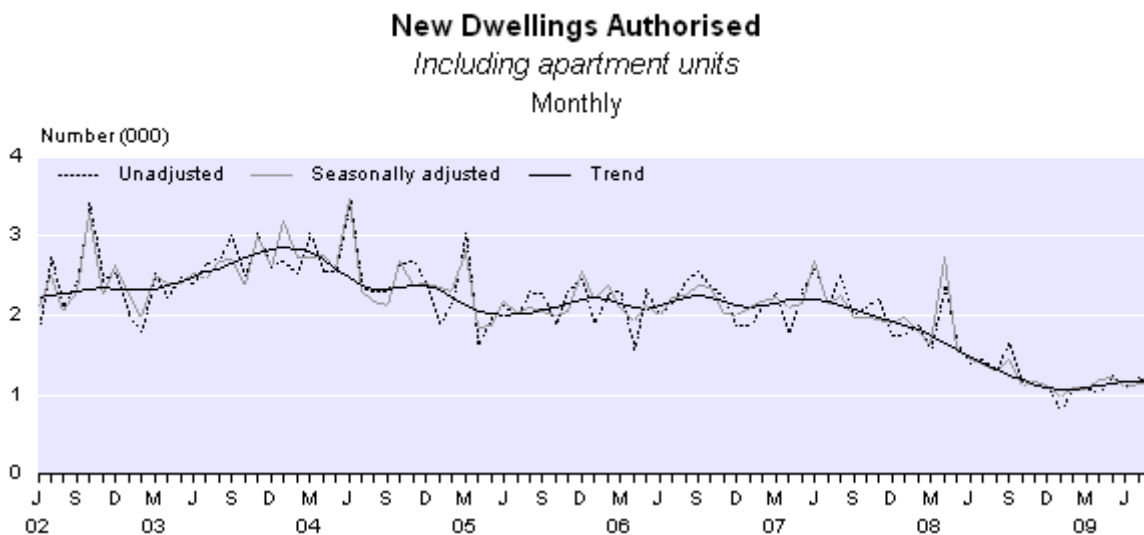
In August 2009, consents were issued for:

- 1,195 new dwelling units, including apartments
- 1,165 new dwellings, excluding apartments
- 30 new apartment units.

Excluding apartments, the seasonally adjusted number of new dwellings authorised in August 2009 rose 2.8 percent, after rising 11.4 percent in July 2009. Although the level is still low, it is at its highest since September 2008. The trend for the number of new dwellings authorised, excluding apartments, has been increasing since March 2009, although it remains at a low level.

Including apartments, the seasonally adjusted number of new dwellings authorised in August 2009 rose 1.7 percent, after rising 4.5 percent in July 2009. The trend for the number of new dwellings authorised, including apartments, has been increasing since January 2009, although it has eased in recent months.

Apartment units contributed 2.5 percent to the number of new dwellings in August 2009, compared with a monthly average of 13 percent for the previous 12 months. The number of apartments issued in August 2009 is the lowest since December 1995. Apartment numbers can vary considerably from month to month.



The value of residential building consents was \$440 million in August 2009, 3.6 percent lower than in August 2008. The trend has been increasing since March 2009 after a series of falls that began in July 2007.

## Regional residential results

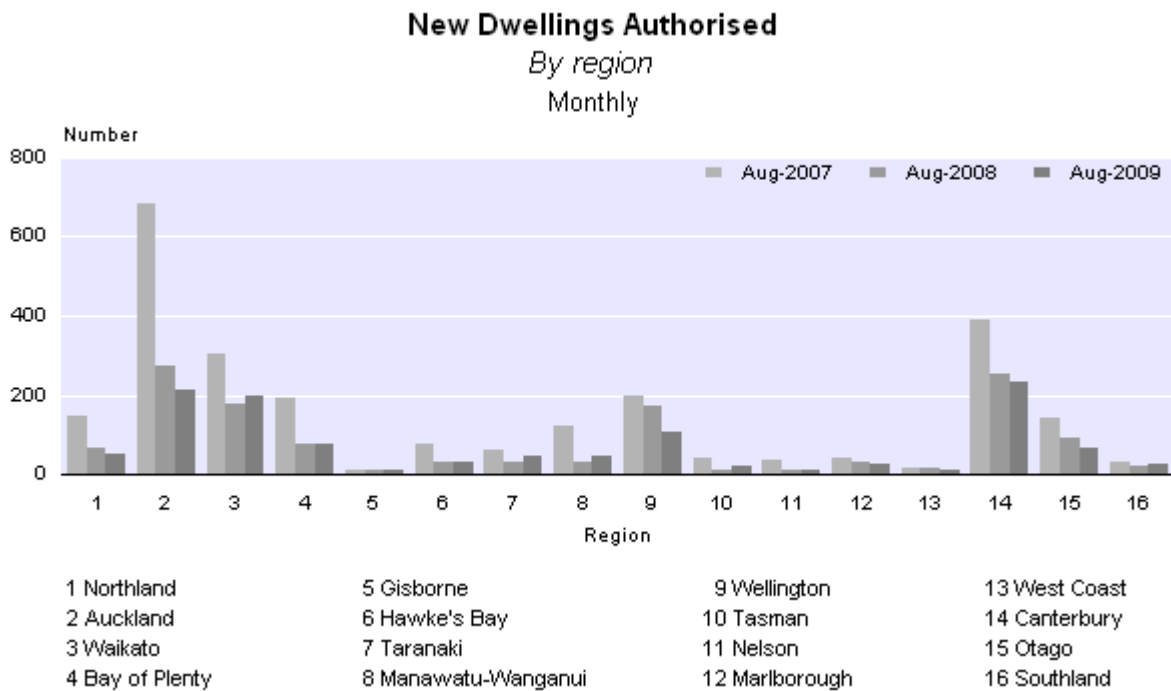
Fewer new dwelling units were authorised in seven of New Zealand's 16 regions in August 2009 compared with August 2008. Numbers fell by 85 units (10 percent) in the North Island and by 48 units (11 percent) in the South Island.

The regions with the largest decreases in the number of new dwellings authorised for August 2009 compared with August 2008 were:

- Wellington, with 108 units (down 65)
- Auckland, with 216 units (down 60).

The regions with the largest increases were:

- Waikato, with 200 units (up 24)
- Manawatu-Wanganui, with 49 units (up 15).



## Non-residential buildings

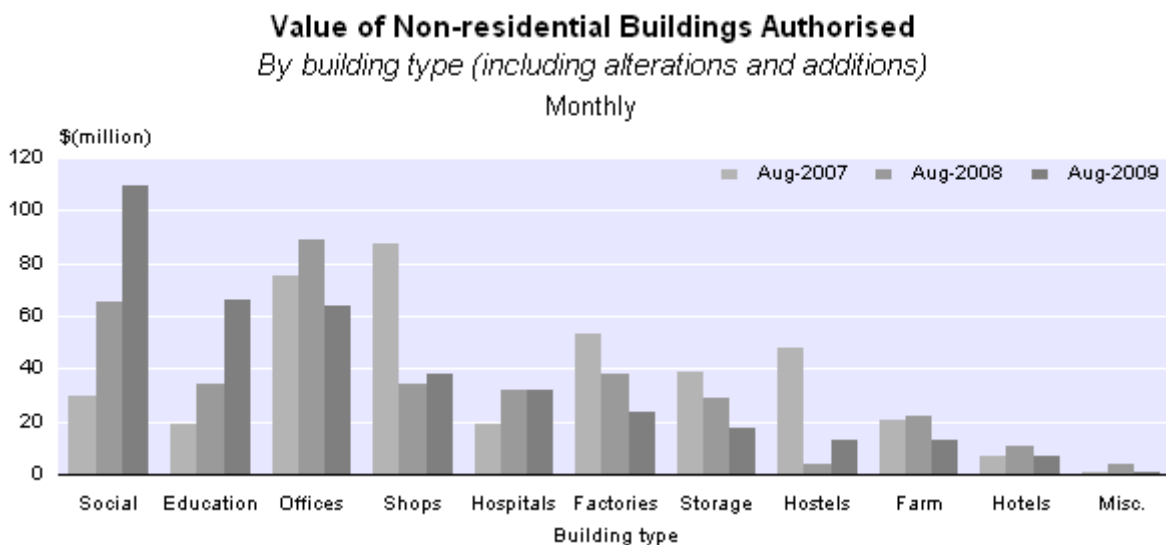
The value of non-residential building consents was \$384 million in August 2009, a 5.9 percent increase compared with August 2008. Five of the 11 building types recorded increases in the value of consents compared with August 2008.

For August 2009 compared with August 2008, the largest increases were:

- social, cultural, and religious buildings, up \$44 million, boosted by several indoor sports facilities
- education buildings, up \$32 million.

The largest decreases were:

- offices and administration buildings, down \$24 million
- factories and industrial buildings, down \$14 million.



The three largest contributors to the value of non-residential building consents authorised for August 2009 were:

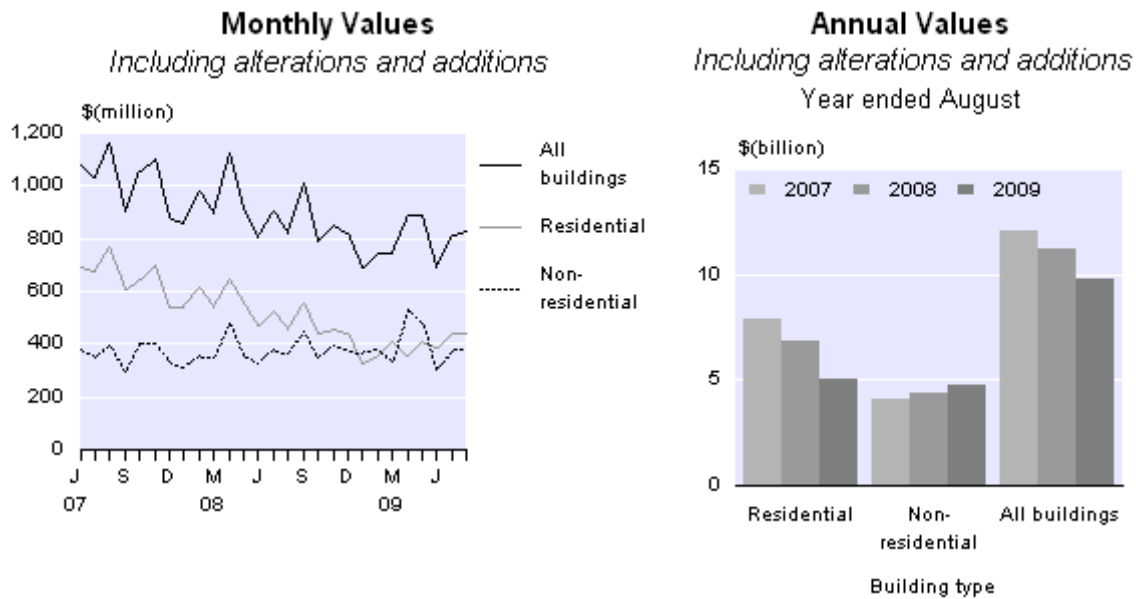
- social, cultural, and religious buildings, at 28 percent
- education buildings, at 17 percent
- offices and administration buildings, at 17 percent.

## Removal of non-residential trend series

The trend series for the value of non-residential buildings has been removed from the tables and Infoshare for further analysis. The series is estimated after the removal of consents valued at \$25 million or more and Statistics New Zealand is reviewing this practice. This series is available on request.

## All buildings

In August 2009, the value of consents issued for all buildings was \$824 million, a 0.6 percent increase compared with August 2008.



For the year ended August 2009 compared with the year ended August 2008, the total value of consents issued for:

- all buildings was \$9,743 million, down \$1,471 million (13 percent)
- residential buildings was \$5,017 million, down \$1,817 million (27 percent)
- non-residential buildings was \$4,726 million, up \$346 million (8 percent).

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**Next release ...**

*Building Consents Issued: September 2009* will be released on 30 October 2009.

## **Technical notes**

### **Data source**

Data for building consents is obtained each month from all territorial authorities. Values include GST and are not inflation adjusted.

### **Coverage**

From September 1989, consents below \$5,000 are excluded. Under the building regulations effective from 1 January 1993, building authorisations are applied for under the building consents system administered by territorial authorities. Before this date, applications were made under the building permits system. The building consents system has wider coverage than the building permits system. The additional coverage includes some government building (particularly work on education buildings), and on-site drainage and reticulation work.

### **Classification of building types**

A building is classified according to its main intended function. Some consents are for a building that may have more than one purpose (such as a shop/office building). Before June 1996, these consents were classified to a separate multi-purpose category. From the June 1996 month, the floor area and value of a consent for a multi-purpose building is split between each of the building's main functions. When sufficient detail cannot be obtained, the building is classified according to the predominant function of the building.

Figures for new apartments are compiled from consents that have 10 or more new attached dwelling units (flats or apartments). If there are fewer than 10 flats or apartments on a consent, they are treated as being dwellings other than apartments. Apartment numbers often show large fluctuations from month to month and, unless removed from dwelling figures, can mask underlying movements.

### **Staged consents**

Some consents, particularly for large projects, are issued in stages across several months. Value data is collected at each stage but floor areas and dwelling or building counts are normally recorded at the first large stage of the project. This difference in timing can affect calculations of average prices.

### **Seasonally adjusted series**

Seasonal adjustment removes the estimated impact of regular seasonal events, such as summer holidays and pre-Christmas purchasing, from statistical series. This makes figures for adjacent periods more comparable. To reduce distortions, the series for non-residential buildings is estimated after removal of large consent values of \$25 million or more.

The seasonally adjusted series are re-estimated monthly when each new month's data becomes available. Figures are therefore subject to revision, with the largest changes normally occurring in the latest months.

The X-12-ARIMA seasonal adjustment program, developed at the U.S. Census Bureau, is used to produce the seasonally adjusted and trend estimates.

## **Trend estimates**

Trend estimation removes the estimated impact of regular seasonal events and irregular short-term variation from statistical series. This reveals turning points and the underlying direction of movement over time.

The trend series are re-estimated monthly when each new month's data becomes available. Figures are therefore subject to revision, with the largest changes normally occurring in the latest months. Revisions can be large if values are initially treated as outliers but are later found to be part of the underlying trend.

The X-12-ARIMA seasonal adjustment program is used to produce the seasonally adjusted and trend estimates. Irregular short-term variation is removed by smoothing the seasonally adjusted series using optimal weighted moving averages.

Further information on [seasonal adjustment](#) is on the Statistics New Zealand website.

## **Trading day adjustments**

An aim of time series analysis is to identify movements that are due to actual changes. Seasonal adjustment is done to remove systematic calendar-related variation. Specific adjustments can be made to remove variations due to trading day differences and moving holidays, such as Easter, which are not accounted for in a standard seasonal adjustment.

Some of the apparent movement in building consent figures is due to trading day differences between months. For example, a month with four weekends will have more trading or working days than a comparable month with five weekends. This can affect monthly figures, even though there might be no difference in the length of the month or difference in the rate at which consents are issued. Trading day effects, when estimated to be statistically significant, are quantified and removed. This is trading day adjustment.

Since 1998, trading day adjustments have been made to the building consents series during the seasonal adjustment process. Since May 2004, an improved method has been used. At present, there is no adjustment to remove the effect of moving holidays such as Easter.

## **Trend estimates versus month-on-month comparisons**

Trend estimates reveal the underlying direction of movement in statistical series. In contrast, comparisons of unadjusted data between one month and the same month in the previous year/s do not take account of data recorded for the intervening months, and are subject to one-off fluctuations. Reasons for fluctuations include changes in

legislation, economic variables such as interest rates, and trading day composition of months.

For more information, see the [link](#) from the Technical notes of this release on the Statistics NZ website.

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Timed statistical releases are delivered using postal and electronic services provided by third parties. Delivery of these releases may be delayed by circumstances outside the control of Statistics NZ. Statistics NZ accepts no responsibility for any such delays.



## Tables

The following tables are printed with this Hot Off The Press and can also be downloaded from the Statistics New Zealand website in Excel format. If you do not have access to Excel, you may use the [Excel file viewer](#) to view, print and export the contents of the file.

1. Building consents issued – August
2. Number of new dwelling units authorised
3. Number and value of new dwelling units authorised, by region
4. Number of new dwelling units authorised, by selected territorial authorities
5. Value of building consents issued, unadjusted and trend values