

Building Consents Issued: August 2011

Embargoed until 10:45am – 30 September 2011

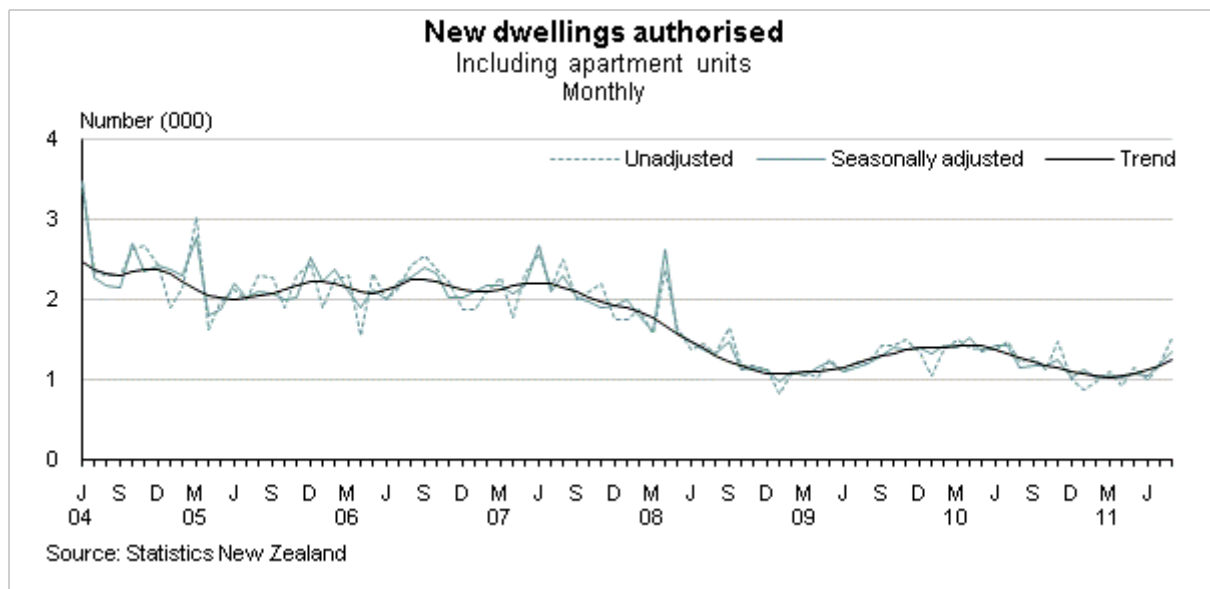
Highlights

In August 2011:

- The seasonally adjusted numbers of new dwellings authorised, both including and excluding apartments, showed strong increases for the second consecutive month.
- The trend for the number of new dwellings authorised, including apartments, is now confirmed as increasing since March 2011.
- 179 apartment units were authorised, including 102 assisted-living apartments at retirement village complexes.
- 1,330 new dwellings, excluding apartments, were authorised, up 11 percent compared with the same month last year.
- Earthquake-related consents identified in Canterbury totalled \$20 million, including 57 new dwellings, of which 50 are relocatable dwelling units.

For August 2011 compared with August 2010:

- Total residential consent values rose \$10 million (2.1 percent).
- Total non-residential consent values fell \$18 million (6.2 percent).



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Commentary

Building consent values include goods and services tax (GST), which increased from 12.5 percent to 15 percent from 1 October 2010. It is not possible to separate the impact of this change on building consent statistics.

Figures given are unadjusted for seasonal and irregular factors unless otherwise stated.

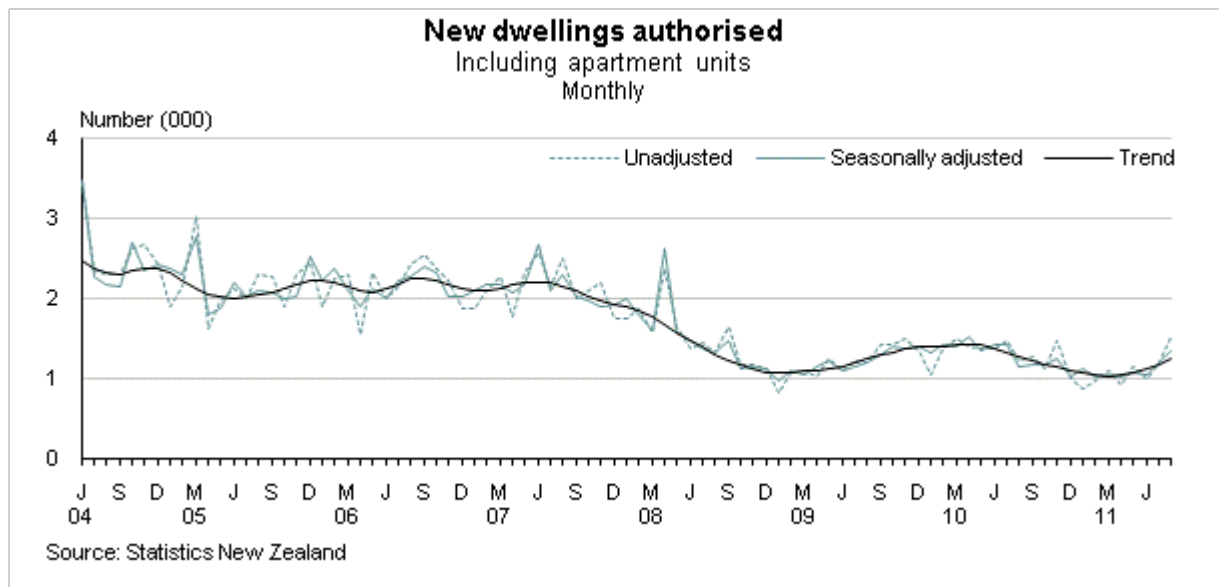
Housing figures up, but from a low level

In seasonally adjusted terms, the numbers of new dwellings authorised, both including and excluding apartments, show some strong increases in July and August 2011. Excluding apartments, the seasonally adjusted increase of 17 percent in August was boosted by 57 earthquake-related dwellings. Including apartments, the number of which can fluctuate from month to month, the total number of home approvals rose 13 percent, boosted by 179 apartments units.

These latest increases in home approvals confirm the upswing seen in the trend over the last five months:

- Excluding apartments, there have been small increases since February 2011.
- Including apartments, the trend is now confirmed as increasing since March 2011, with comparatively stronger increases.

Note that these increasing trends follow some of the lowest levels of new dwellings authorised since these series began. Also, variable numbers for apartments and earthquake-related dwellings in recent months have resulted in a less stable trend than normal. This means that while both trends are confirmed as increasing, the size of these movements (particularly when apartments are included) should be treated with some caution.

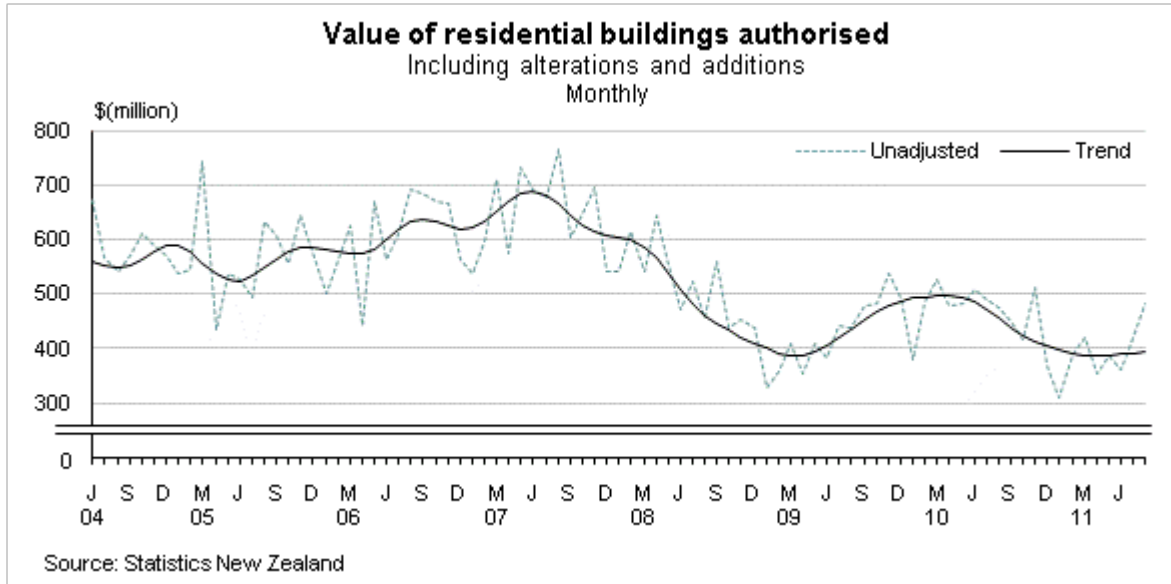


Despite the upward trends, the overall level of housing approvals remains low, as shown in the graph above. August is the first month for a year to have an increase in the actual numbers of homes approved compared with a year earlier.

In August 2011, compared with August 2010, consents were issued for:

- 1,509 new dwellings, including apartments, **up** 23 percent
- 1,330 new dwellings, excluding apartments, **up** 11 percent
- 179 new apartments, **up** 143 units, boosted by 102 assisted-living units in retirement village complexes.

In August 2011, compared with August 2010, the value of all residential building consents rose \$10 million (2.1 percent) to \$483 million. The value trend can now be confirmed as increasing from May 2011, but shows only small monthly rises.



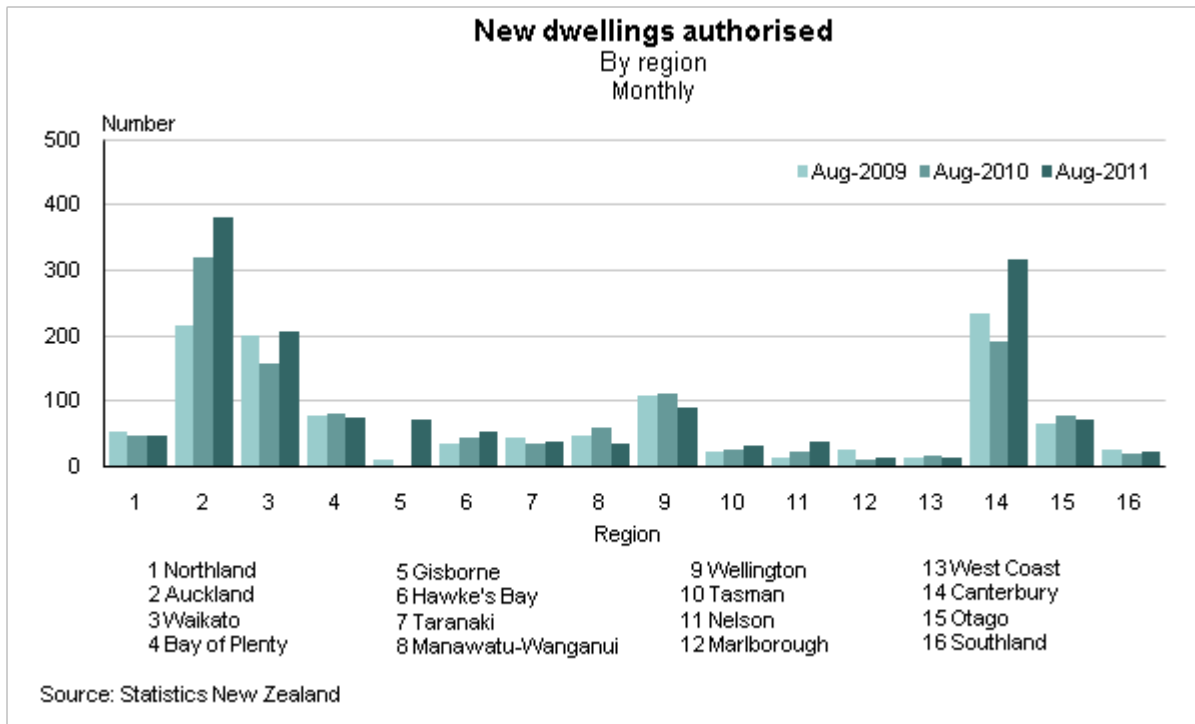
More new dwellings in 10 of 16 regions

In August 2011, compared with August 2010, the number of new dwellings authorised in the South Island rose by 141 units (38 percent), and the number in the North Island rose by 138 units (16 percent). Of New Zealand's 16 regions, 10 had more new dwellings authorised than in the same month of the previous year.

The largest regional increases in dwelling numbers were:

- Canterbury, up 125 units to 316, including 57 earthquake-related dwellings, of which 50 were relocatable units
- Gisborne, up 70 units to 73, mostly due to 60 assisted-living apartments
- Auckland, up 60 units to 381, including 69 apartments (of which 42 are assisted-living).

The largest decrease was in Manawatu-Wanganui, down 23 units to 36. There was no single driver for this fall.



Non-residential building values down

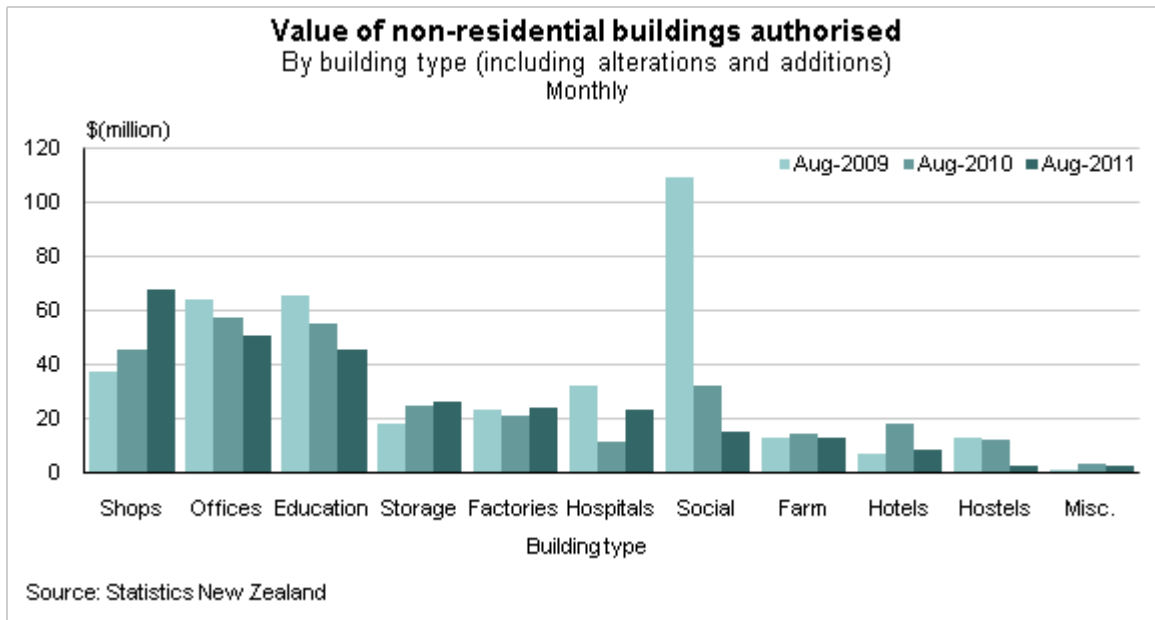
In August 2011, the value of non-residential building consents was \$277 million, down \$18 million (6.2 percent) compared with the same month last year. Seven of the 11 building types recorded decreases in value.

The largest changes from August 2010 were:

- shops, restaurants, and taverns, **up** \$22 million
- social, cultural, and religious buildings, **down** \$18 million
- hospitals and nursing homes, **up** \$12 million.

As shown by the darkest bars in the graph below, the three largest contributors to the value of non-residential buildings in August 2011 were:

- shops, restaurants, and taverns, at 24 percent
- offices and administration buildings, at 18 percent
- education buildings, at 16 percent.



The obvious spike in the graph above in the 'social, cultural, and religious buildings' category was caused by several indoor sports facilities authorised in August 2009.

Quake-related consents total \$20 million in August

In Canterbury, building consents identified as being earthquake-related totalled \$20 million in August 2011, compared with \$32 million in July and \$14 million in June. The August value comprised \$12 million for non-residential building consents and \$8 million for residential building consents. The residential consents include 57 new dwellings, of which 50 are relocatable units intended to house displaced residents. More information is available from Statistics NZ's [Earthquake information portal](#).

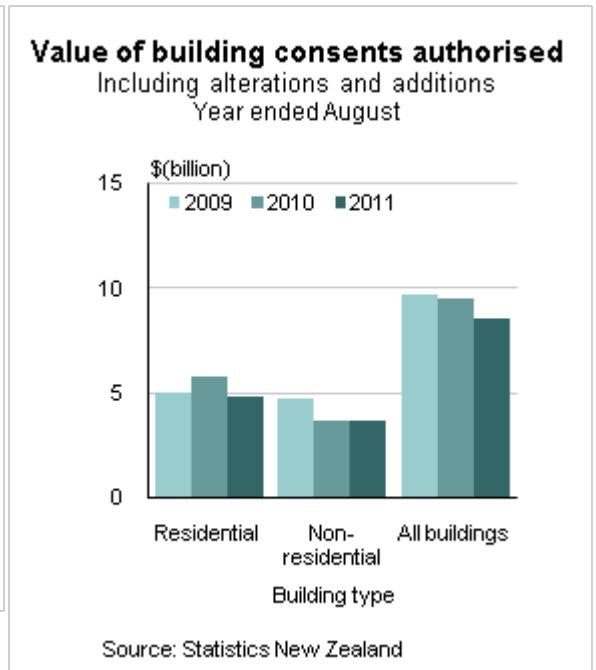
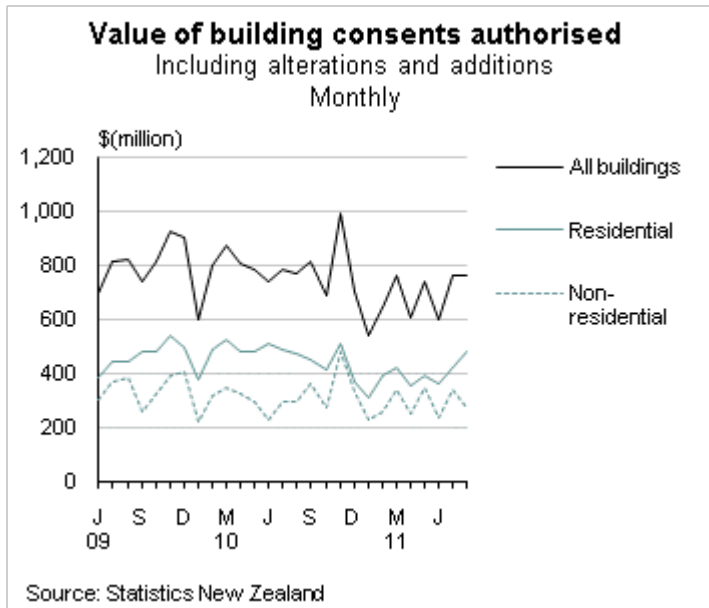
From September 2010, about 500 earthquake-related consents have been identified, totalling \$128 million. This includes 190 new dwellings, of which 145 were relocatable units.

Earthquake-related consents cover residential, non-residential, and non-building construction. Non-building construction most notably includes swimming pools, bridges, reservoirs, and retaining walls. Consents that are mainly for demolitions are excluded.

Building consents are often used as an early indicator of building activity. The extent of damage to Christchurch and adjacent districts, particularly that caused by the earthquake on 22 February 2011, means the relationship between consents and activity (for example, as measured by Statistics NZ's quarterly estimated [Value of Building Work Put in Place](#)) may change, even at the national level. *Value of Building Work Put in Place: September 2011 quarter* will be published on 5 December 2011.

Value of consents for all buildings down

In the August 2011 month, the value of consents issued for all buildings (residential and non-residential combined) was \$761 million, down 1.1 percent compared with August 2010.



For the year ended August 2011, compared with the year ended August 2010, the value of consents for:

- all buildings was **down** \$916 million (9.6 percent) to \$8,607 million
- residential buildings was **down** \$947 million (16 percent) to \$4,872 million
- non-residential buildings was **up** \$31 million (0.8 percent) to \$3,736 million.

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Next release ...

Building Consents Issued: September 2011 will be released on 31 October 2011.

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.

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.

To reduce distortions, the monthly trend series for the value of non-residential buildings is estimated after removal of consent values of \$25 million or more between January 1990 and December 2005, and of \$50 million or more from January 2006.

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](http://www.stats.govt.nz) is available on the Statistics NZ website (www.stats.govt.nz).

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 may 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.

More [information about Building Consents Issued](#) is available on our website.

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Timing

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 information release 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