

Building Consents Issued: January 2012

Embargoed until 10:45am – 29 February 2012

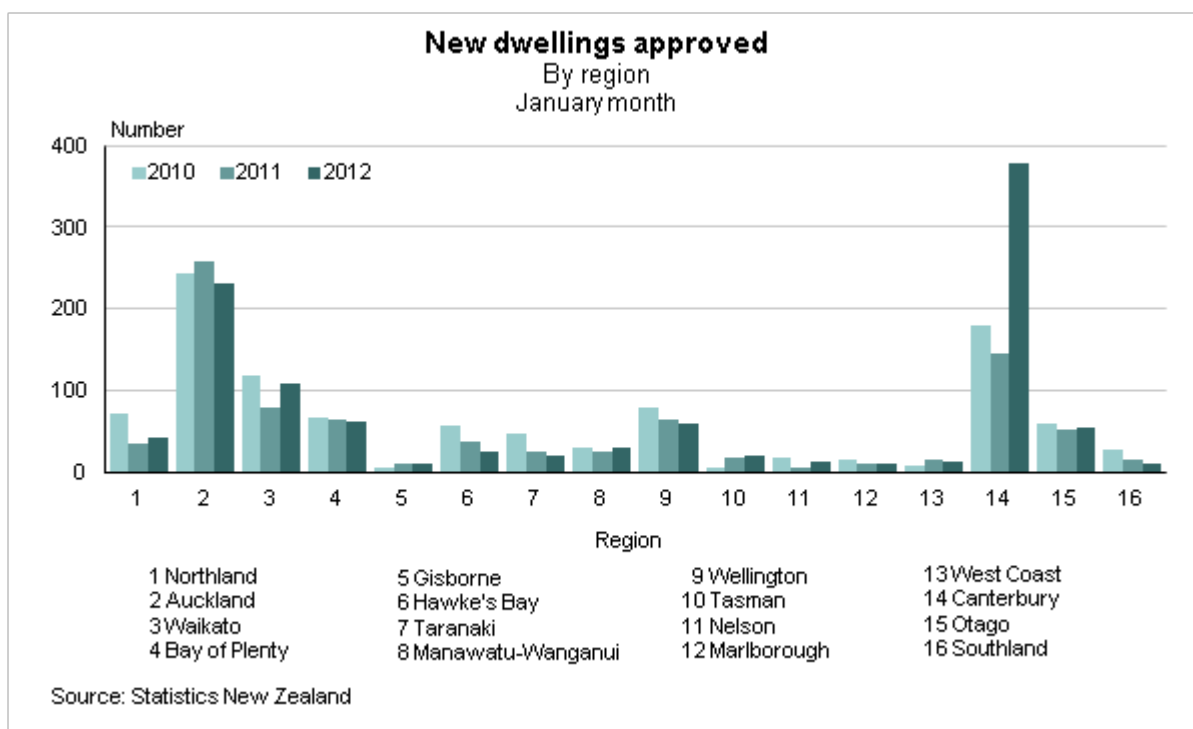
Key facts

In January 2012:

- 1,098 new dwellings were approved, including 198 apartments (of which 174 were retirement units).
- Seasonally adjusted new dwelling numbers rose compared with December 2011, following volatility in the latter half of 2011.
- The trend numbers for new dwellings approved continued to rise from the historically low level of early 2011.
- Earthquake-related consents identified in Canterbury totalled \$25 million, including 17 new dwellings.

In January 2012 compared with January 2011:

- Residential consent values rose \$76 million (25 percent)
- Non-residential consent values fell \$1.5 million (0.6 percent).



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29 February 2012
ISSN 1178-0231

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Commentary

- Number of new dwellings approved rises in January
- Number of dwellings approved in Canterbury increases
- Non-residential building value falls slightly
- Earthquake-related consents total \$25 million in January
- Value of all buildings rises for January month, but falls for January year

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

Number of new dwellings approved rises in January

The unadjusted number of new dwellings approved rose 27 percent in January 2012 compared with January 2011. Apartments accounted for almost half of this increase.

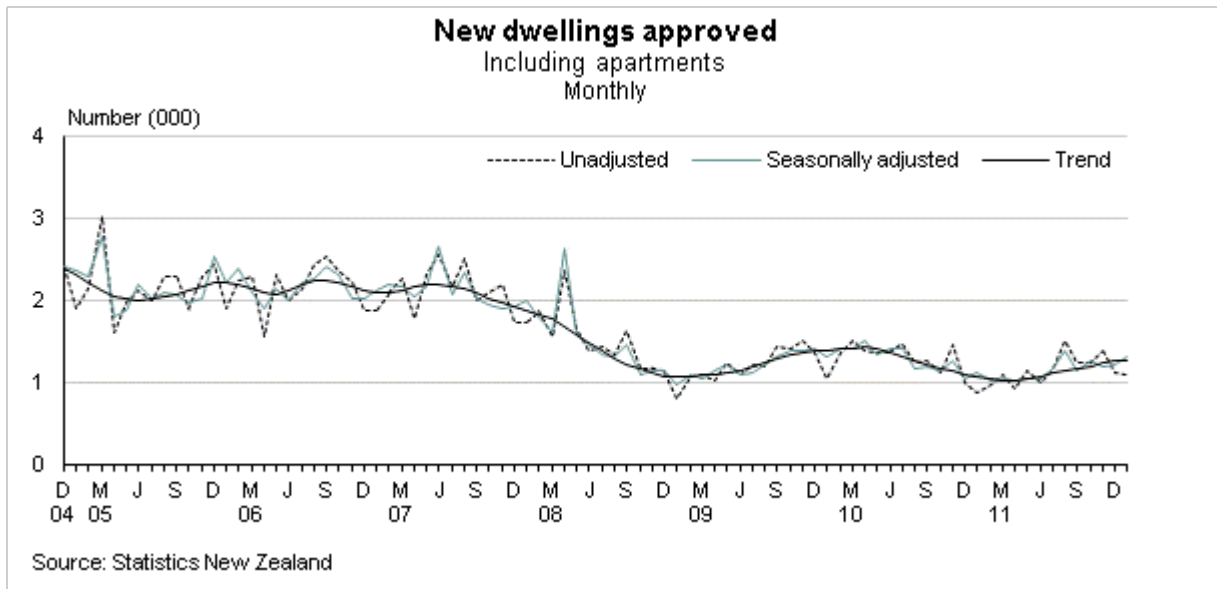
Dwelling approval numbers for January 2012, compared with January 2011, were:

- 1,098 new dwellings, including apartments, **up** 27 percent
- 900 new dwellings, excluding apartments, **up** 16 percent
- 198 new apartments (including 174 retirement units), **up** from 90.

The number of apartment units consented in January 2012 was the highest since November 2010. Apartments, which can vary considerably in number from month to month, contributed 18 percent to the number of new dwellings in January 2012.

After seasonal fluctuations were removed, the number of new dwellings approved, including apartments, showed a rise of 8.3 percent in January 2012, compared with December 2011. Excluding apartments, there was a smaller increase of 3.7 percent. These movements followed several months of volatility.

Trend numbers for dwelling approvals, both including and excluding apartments, showed a rise for the 10 months to January 2012, but the rate of increase has eased in recent months. Trend figures, particularly for the latest months, may be revised whenever an additional month is added to the series.



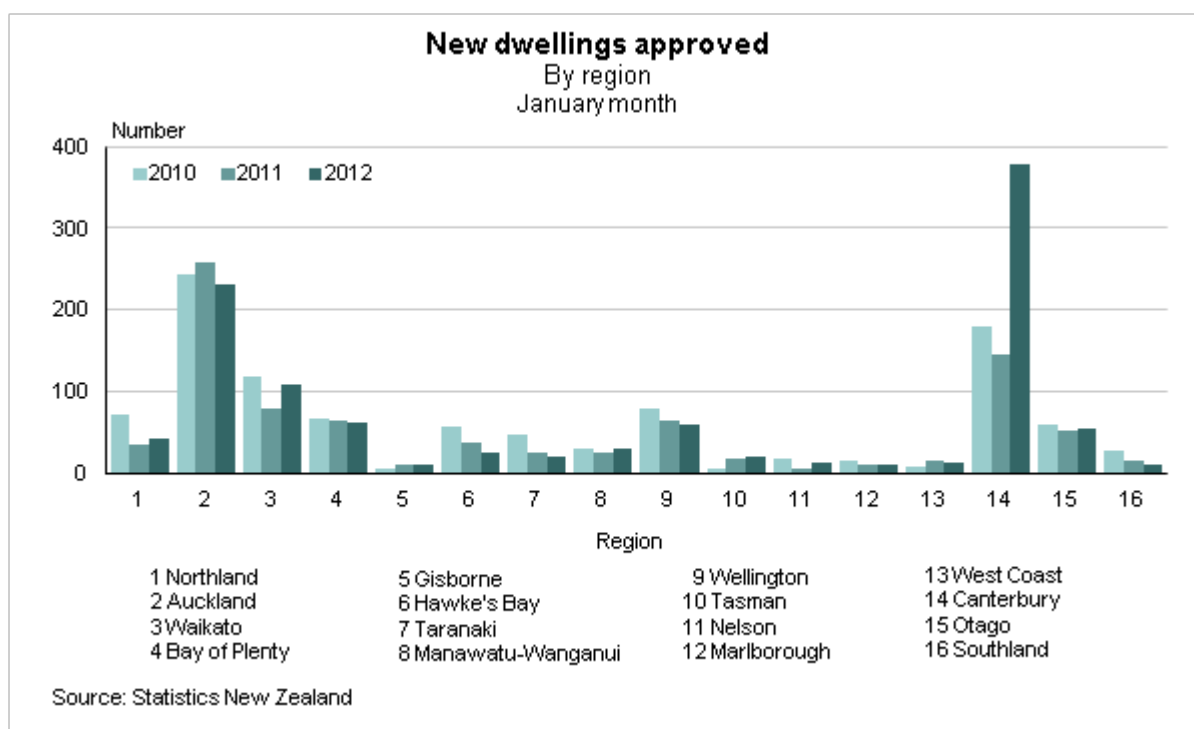
In January 2012, compared with January 2011, the value of all residential building consents rose \$76 million (25 percent) to \$386 million.

Number of dwellings approved in Canterbury increases

The 27 percent national increase in dwelling approvals, for January 2012 compared with January 2011, was concentrated in Canterbury. Most of the Canterbury increase came from consents for retirement units, some of which had been delayed because of earthquakes. Approvals for new dwelling units either rose or fell by small amounts in the other 15 regions.

The biggest changes in regional dwelling approval numbers, compared with January 2011, were:

- Canterbury, **up** 232 (158 percent) to 379
- Waikato, **up** 30 (38 percent) to 109
- Auckland, **down** 27 (10 percent) to 232
- Hawkes Bay, **down** 12 (32 percent) to 25.



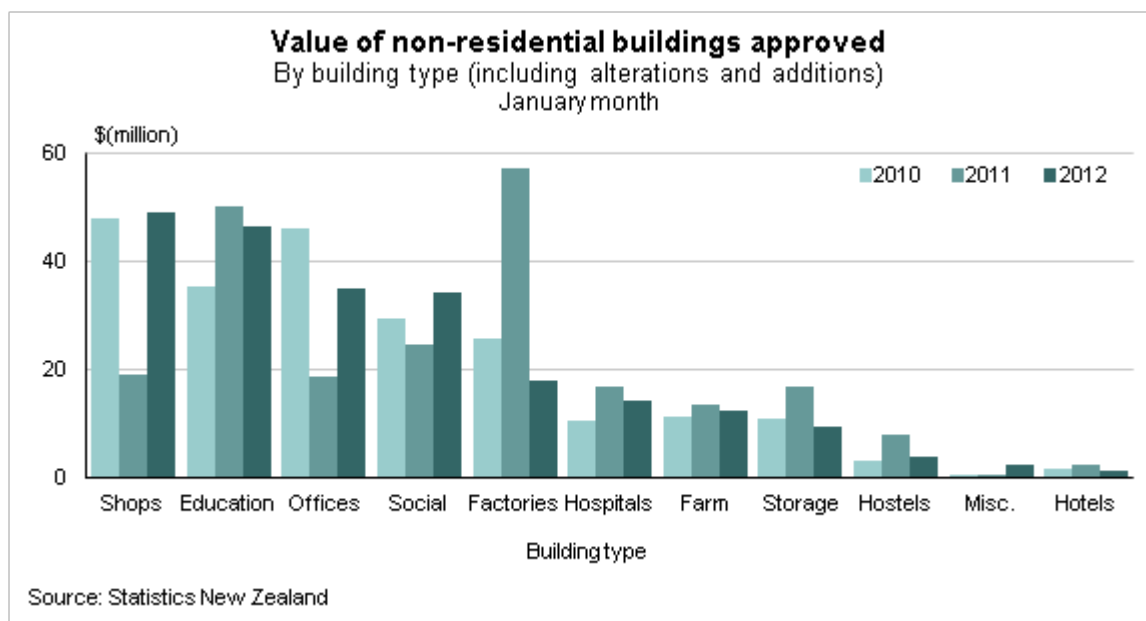
In the South Island, 503 new dwellings were approved in January 2012, up 237 (89 percent) compared with January 2011. Almost all of the increase in the South Island occurred in Canterbury as a result of consents issued for retirement units. By contrast, the number of new dwellings authorised in the North Island was almost unchanged, down five (0.8 percent) to 595 new dwellings.

Non-residential building value falls slightly

In January 2012, the value of consented non-residential building work was \$226 million, down \$1.5 million (0.6 percent) compared with January 2011. This was the lowest value since January 2010. Seven of the 11 building types decreased in value.

The largest changes compared with January 2011 were:

- factories and industrial buildings, **down** \$39 million
- shops, restaurants, and taverns, **up** \$30 million
- offices and administration buildings, **up** \$16 million.



As shown by the darkest bars in the graph above, the four largest contributors to the value of non-residential buildings in January 2012 were:

- shops, restaurants, and taverns, at 22 percent
- education buildings, at 21 percent
- offices and administration buildings, at 15 percent
- social, cultural, and religious buildings at 15 percent.

Earthquake-related consents total \$25 million in January

In January 2012, Canterbury building consents identified as being earthquake-related totalled \$25 million (compared with \$29 million in December 2011 and \$47 million in November). Of the \$25 million recorded for January, \$18 million was for non-residential work, and \$7 million was for residential work (including 17 new dwellings). More information about [earthquake-related building consents in Canterbury](#) is available on the Statistics NZ website.

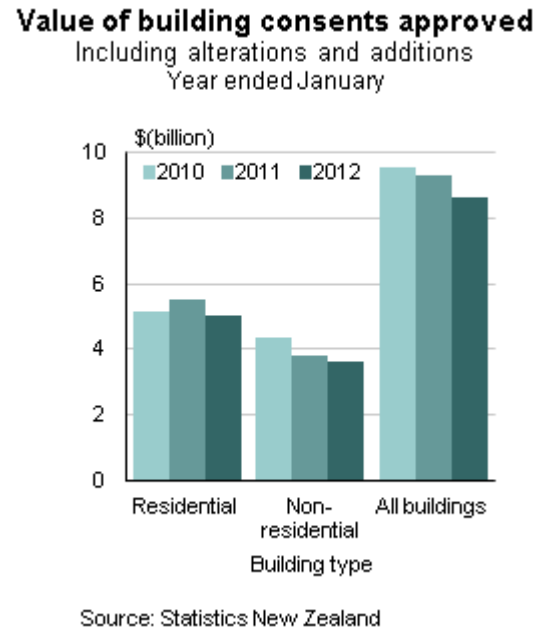
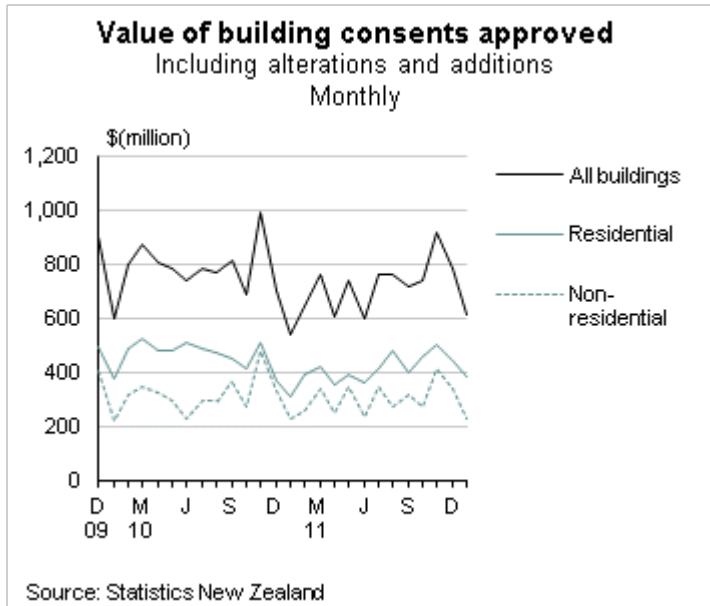
Since 4 September 2010, there have been 1,200 earthquake-related consents identified, totalling \$284 million. This includes 241 new dwellings, of which 146 were relocatable units.

Earthquake-related consents cover residential, non-residential, and some non-building construction. Non-building construction may include 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 that the relationship between consents and activity may change, even at the national level. Statistics NZ's quarterly [Value of Building Work Put in Place](#) provides estimates of the dollar value of building work. *Value of Building Work Put in Place: December 2011 quarter* will be published on 5 March 2012.

Value of all buildings rises for January month, but falls for January year

In the January 2012 month, the value of consents issued for all buildings (residential and non-residential combined) was \$612 million, up \$75 million (14 percent) compared with January 2011.



For the year ended January 2012, compared with January 2011, the value of consents for:

- all buildings **decreased** \$642 million (6.9 percent) to \$8,640 million
- residential buildings **decreased** \$502 million (9.1 percent) to \$5,001 million
- non-residential buildings **decreased** \$140 million (3.7 percent) to \$3,639 million.

For more detailed data, see the Excel tables in the 'Downloads' box.

Definitions

About Building Consents Issued

Building Consents Issued contains statistics on the number, value, and floor areas of residential dwellings and the value of non-residential buildings by region and building type. Values include goods and services tax and are not inflation adjusted. Buildings are classified according to their main intended function or functions. Subsequent changes in function will be recorded in the statistics if new consents are issued.

More definitions

Domestic outbuildings: includes new construction, alterations, and additions to garages, glasshouses, and sheds on residential sections.

Residential buildings: includes new construction, alterations, and additions to dwellings (houses, flats, and apartments) and domestic outbuildings.

Non-residential buildings: includes new construction, alterations, and additions to industrial, commercial, and other non-residential buildings such as schools, hospitals, and libraries. Barracks, hostels, prisons, serviced apartments, workers' quarters, and other accommodation buildings are included.

Territorial authorities: are defined under the Local Government Act 2002 and related amendments. There are 67 territorial authorities, comprising 13 cities, 53 districts, and 1 territory.

Related links

Upcoming releases

Building Consents Issued: February 2012 will be released on 30 March 2012.

The [Release calendar](#) lists all our upcoming information releases by date of release.

Past releases

See [Building Consents Issued – information releases](#) for links to past releases.

Related information

[Earthquake-related building consents](#) summarises Canterbury consents identified as earthquake-related. This table is updated monthly.

[Value of building work put in place](#) statistics estimate the actual dollar value of work put in place on construction jobs within New Zealand (quarterly). It includes information by building type, and deflated values.

Data quality

This section contains information that does not change between releases.

- [Data source](#)
- [Survey errors](#)
- [Coverage](#)
- [Interpreting the data](#)
- [More information](#)

Data source

Data for building consents is obtained each month from all accredited building consent authorities (ie territorial authorities). Statistics New Zealand compiles information from all building consents issued each month if:

- they are valued at \$5,000 or more
- they are not predominantly for demolition work.

Survey errors

Sample errors

Because the survey has 100 percent coverage of the target population, there is no sample error.

Non-sample errors

These errors can occur when there is incomplete or incorrect information on consent forms, or when information is incorrectly delivered, interpreted, or classified. While much effort is made to minimise these errors, they will still occur, and it is not possible to quantify their effect.

Coverage

Scope

Only construction work that requires a building consent is included in these statistics. Some civil engineering works, such as roads, require resource consents but not building consents, so are excluded.

The scope of work requiring a building consent is determined by the Building Act 2004. Its main parts came into force in 2005, replacing the Building Act 2001. The new act introduced measures to provide greater assurances to consumers, such as registration of building consent authorities, and the licensing of building practitioners. The act was reviewed in 2009. The review broadened the scope of work that may proceed without a building consent (see changes to [Schedule 1 of the Building Act 2004](#), on the Department of Building and Housing's website, effective from 23 December 2010).

The [Canterbury Earthquake Recovery Authority](#) has legislative powers to undertake work without a building consent. For example, demolition work and temporary repairs.

Statistics NZ excludes consents that are predominantly for demolition work, and consents valued below \$5,000.

Changes in coverage

The building consents included in this release have changed over time. The list below highlights the key changes.

1996 From the June 1996 month, consent values for multi-purpose buildings are coded to one or more of the most appropriate building types. Before this date, multi-purpose buildings were classified separately.

1993 From the January 1993 month, building authorisations have been 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.

1989 From the September 1989 month, consents below \$5,000 are excluded.

Boundary changes

2011 From 1 November 2010, part of the former Franklin district moved from the Auckland region to the Waikato region. This change is included in Building Consents data from January 2011.

2010 On 1 November 2010, the new Auckland Council came into being (see table 4). Before November 2010, the Auckland region (see table 3) can be used to approximate the new Auckland Council.

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.

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.

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. However, non-residential building consent values are still volatile with no stable seasonal pattern, and therefore a stable trend for this series is slow to emerge.

Further information on seasonal adjustment is available on the Statistics NZ website.

Interpreting the data

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.

Values for new buildings include conversion costs. For example, if a hotel is converted to apartments, these are treated as new dwellings in the statistics. Consent values for new buildings sometimes include the cost of demolishing or removing the previous buildings.

Some consents, particularly for large projects, are issued in stages across more than one month. 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.

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

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

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Tables

The following tables are included with this release. They are available in Excel format from the 'Downloads' box of *Building Consents Issued: January 2012* on the Statistics NZ website.

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 – January
2. Number of new dwellings approved
3. Number and value of new dwellings approved, by region
4. Number of new dwellings approved, by selected territorial authority area
5. Value of building consents issued, unadjusted and trend values

Access more data on Infoshare

Use [Infoshare](#), a free, online database to access time-series data specific to your needs. To access the release time series on Infoshare, select the following categories from the homepage:

Subject category: **Industry sectors**

Group: **Building Consents - BLD**