

# Building Consents Issued: June 2011

Embargoed until 10:45am – 29 July 2011

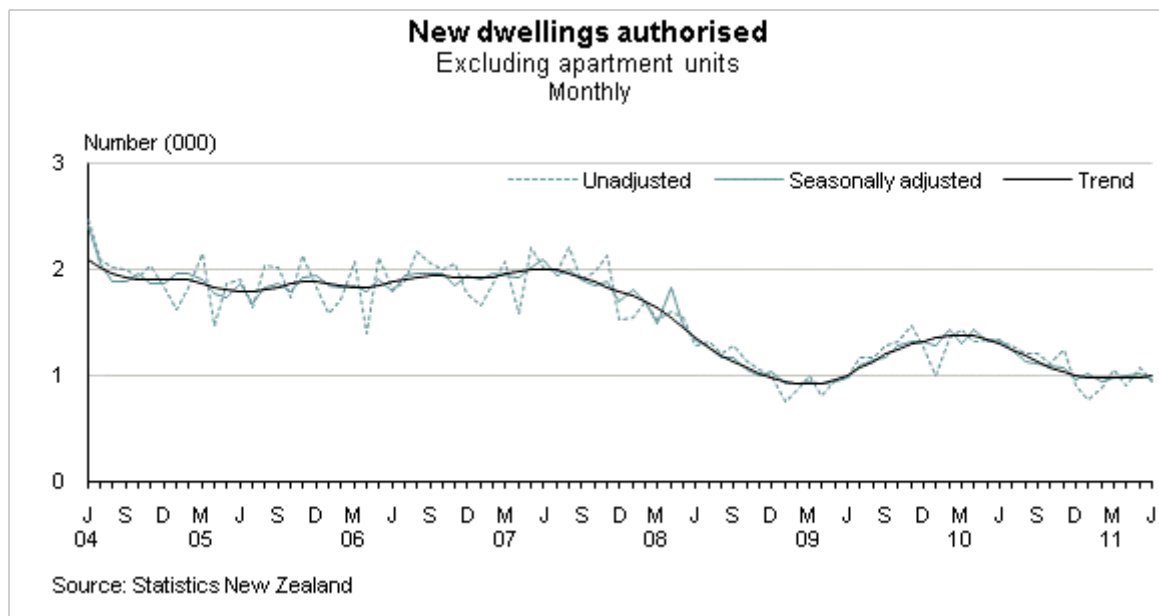
## Highlights

In the month of June 2011:

- The seasonally adjusted number of new dwellings authorised, excluding apartments, fell 4.5 percent, following rises in each of the previous three months.
- The trend for the number of new dwellings authorised, excluding apartments, indicates a small increase recently, but a turning point is not yet confirmed.
- Earthquake-related consents identified in Canterbury totalled \$14 million, including eight new dwellings.

For the year ended June 2011, compared with the previous year, the total value of consents issued for:

- residential buildings was \$4,932 million, down \$805 million (14 percent)
- non-residential buildings was \$3,704 million, down \$166 million (4.3 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 unless otherwise stated.

## Residential buildings

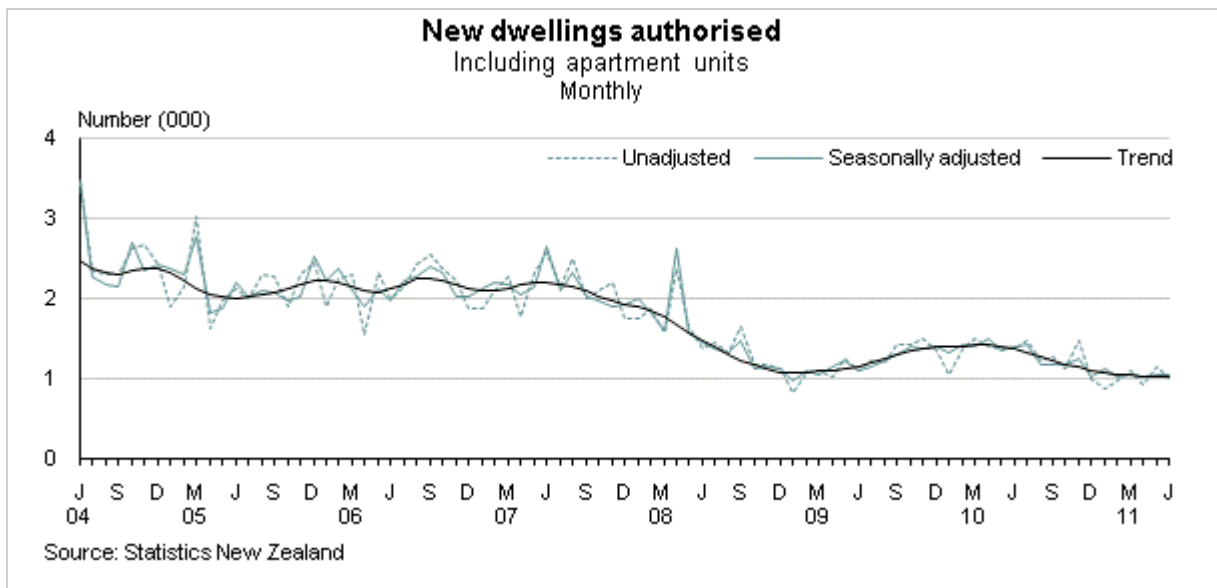
### June 2011 month

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

- 995 new dwelling units, including apartments, **down** 28 percent
- 935 new dwellings, excluding apartments, **down** 29 percent
- 60 new apartment units, **up** 5.3 percent.

The seasonally adjusted number of new dwellings authorised, excluding apartments, fell 4.5 percent in June 2011, following a rise in each of the previous three months. The trend shows a small increase recently, following a year of decline. Although it has flattened and appears to have reached a turning point, trend series are subject to revision each month and at least one more month of positive movement is necessary before an increase can be confirmed.

The number of new dwellings authorised, including apartments, shows a flattened trend, but this change cannot be confirmed either. The flattened trend follows falls for 13 months, which brought this series to its lowest level (in May 2011) since it began in 1982. The seasonally adjusted number for June 2011 shows a small fall of 1.4 percent.



Compared with June 2010, the value of residential building consents in June 2011 fell \$149 million (29 percent), to \$360 million. The value trend has fallen 24 percent since April 2010, although the rate of decline has been easing over recent months.

## June 2011 quarter

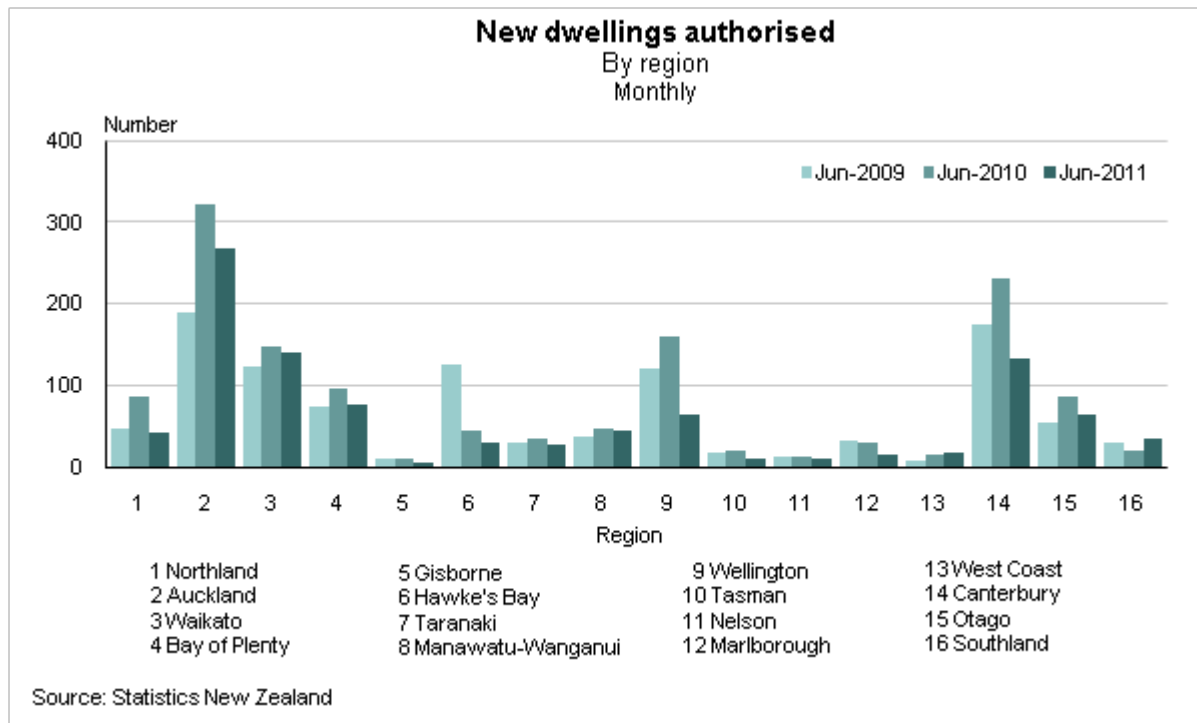
While the monthly numbers of new dwellings authorised show trends that have flattened rather than decreased, the quarterly data shows trends that continue to fall. Quarterly figures are more stable than monthly ones, but a change in the trend is slower to emerge. The quarterly trend for the number of new dwellings authorised, including apartments, has fallen 30 percent since March 2010, while the excluding apartments trend has fallen 29 percent since March 2010.

## Regional residential results

### June 2011 month

In June 2011, compared with June 2010, the number of new dwelling units authorised in the North Island fell 249 units (26 percent), while the number in the South Island fell 129 units (31 percent). Of New Zealand's 16 regions, only two regions (both in the South Island) had more new dwellings authorised than the same month of the previous year: Southland rose 16 units to 36, and the West Coast rose 3 units to 18. The regions showing the largest decreases were:

- Canterbury, down 99 units to 133
- Wellington, down 96 units to 65
- Auckland, down 53 units to 269.

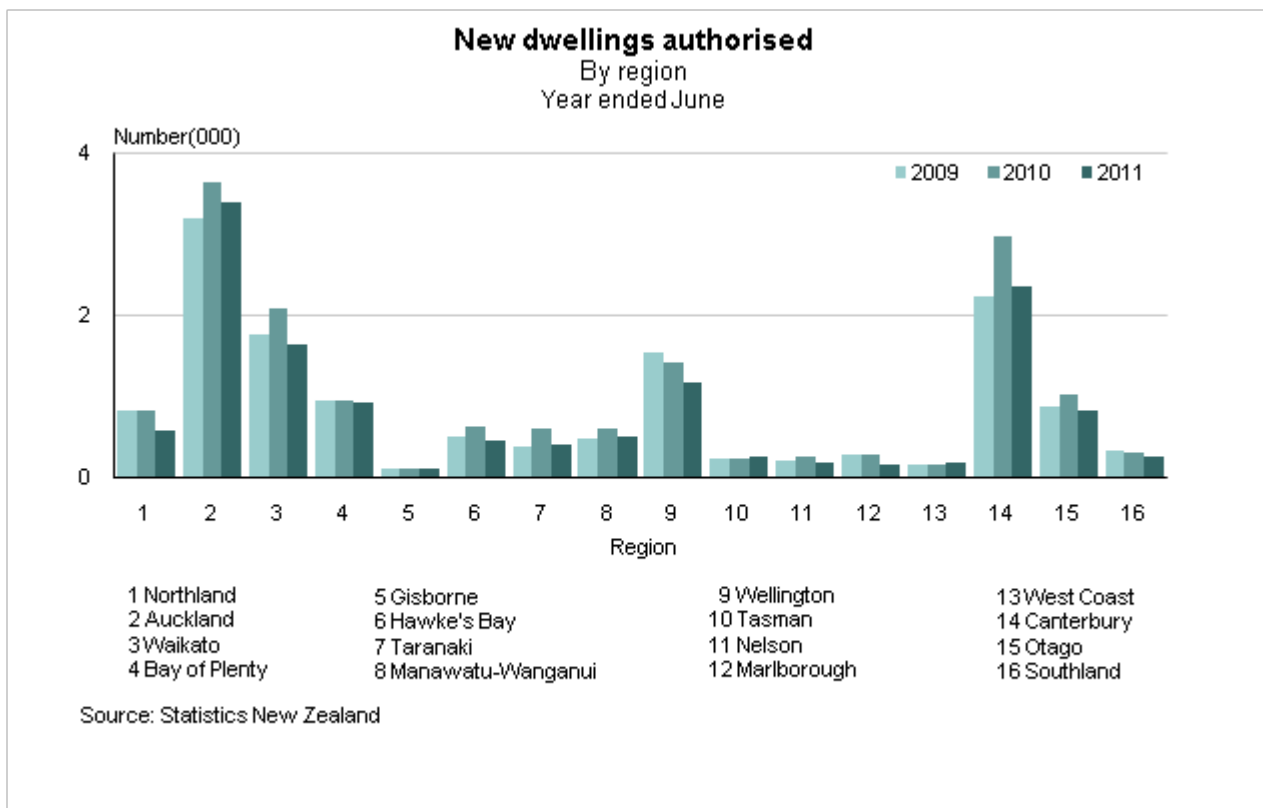


## Year ended June 2011

In the year ended June 2011, compared with the previous June year, 9,245 new dwelling units were authorised in the North Island, down 15 percent, and 4,293 new dwellings were authorised in the South Island, down 18 percent. Of New Zealand's 16 regions, 13 had fewer new dwellings authorised than in the previous year. The largest decreases were:

- Canterbury, down 598 units to 2,373
- Waikato, down 433 units to 1,650
- Auckland, down 262 units to 3,394.

The three regions with more new dwellings authorised than in the previous year were topped by Tasman, up 22 units to 268, followed by Gisborne and the West Coast.



## Non-residential buildings

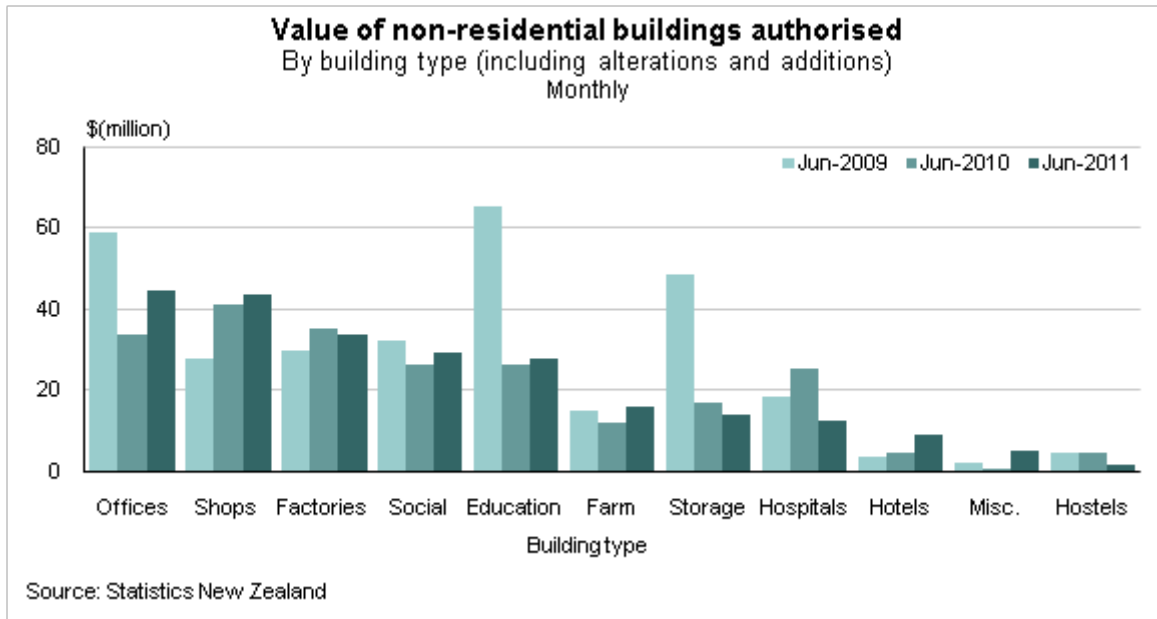
### June 2011 month

The value of non-residential building consents was \$237 million in June 2011, up 4.3 percent compared with June 2010. Of the 11 building types, seven recorded increases in value. Most changes were comparatively small. The two building types with the largest changes from June 2010 were:

- hospitals and nursing homes, **down** \$13 million
- offices and administration buildings, **up** \$11 million.

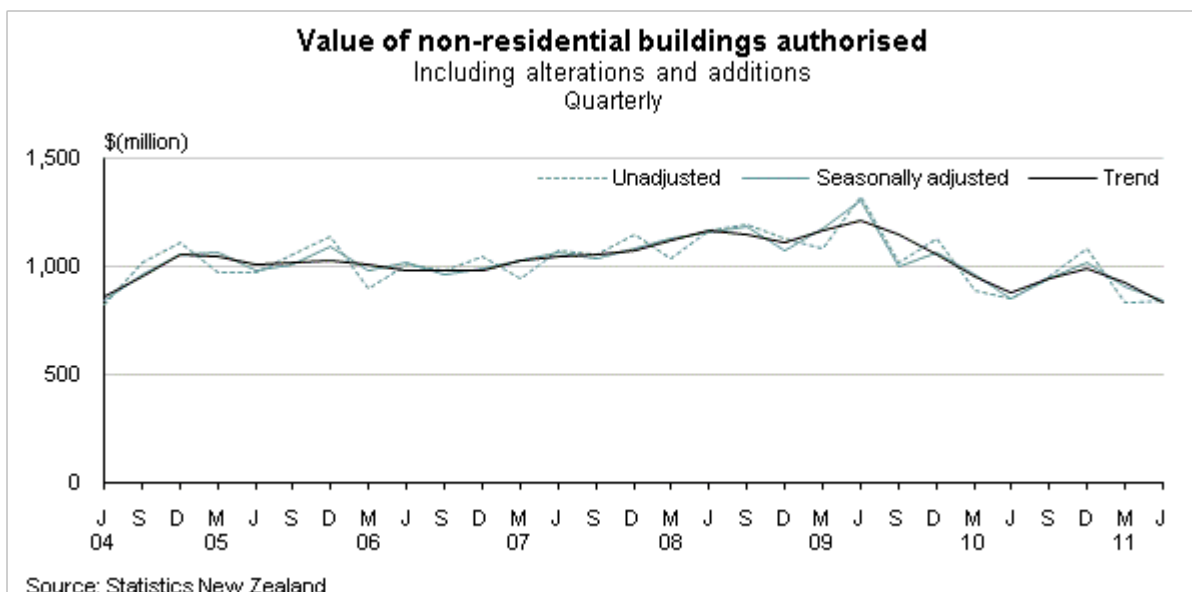
The largest contributors to the value of non-residential building consents authorised for June 2011 were:

- offices and administration buildings, at 19 percent
- shops, restaurants, and taverns, at 18 percent.



### June 2011 quarter

The quarterly trend for the value of non-residential buildings authorised has fallen for the latest two quarters, following two increases. While quarterly figures are more stable than monthly ones, non-residential building consents are volatile, with no stable seasonal pattern, and therefore a stable trend is slow to emerge. See table 5 footnotes for more information (printed with this release, or available from the 'Downloads' box online).

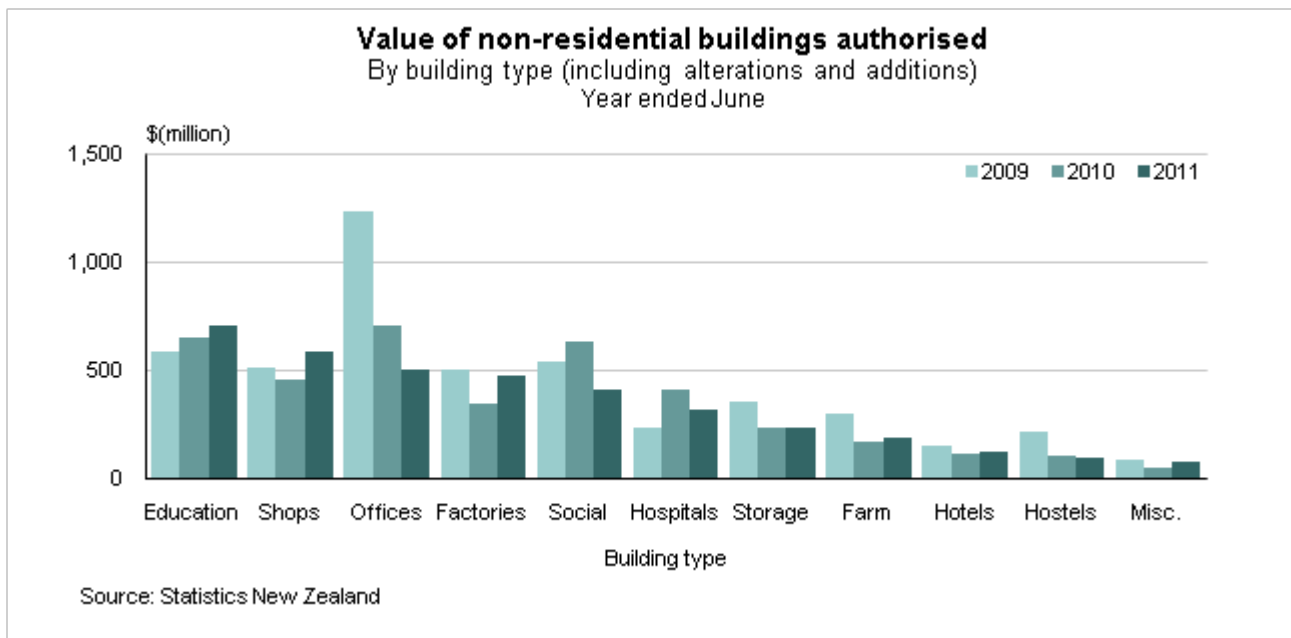


## Year ended June 2011

For the year ended June 2011, compared with the previous June year, the value of non-residential building consents was \$3,704 million, down 4.3 percent. Of the 11 building types, four recorded decreases in value.

The four building types with the largest changes from the previous June year were:

- social, cultural, and religious buildings, **down** \$229 million
- offices and administration buildings, **down** \$204 million
- shops, restaurants, and taverns, **up** \$135 million
- factories and industrial buildings, **up** \$129 million.



As shown by the dark bars in the graph above, the largest contributors to the value of non-residential building consents authorised for the year ended June 2011 were:

- education buildings, at 19 percent
- shops, restaurants, and taverns, at 16 percent.

## Canterbury earthquake consents

In Canterbury, earthquake-related consents totalling \$14 million were identified in June 2011, including \$8 million of non-residential consents and \$6 million of residential consents. This total includes eight new dwellings, none of which were relocatable units.

From September 2010, about 300 earthquake-related consents have been identified, totalling \$76 million. This includes 97 new earthquake-related dwellings (of which 67 were relocatable units intended to house displaced residents).

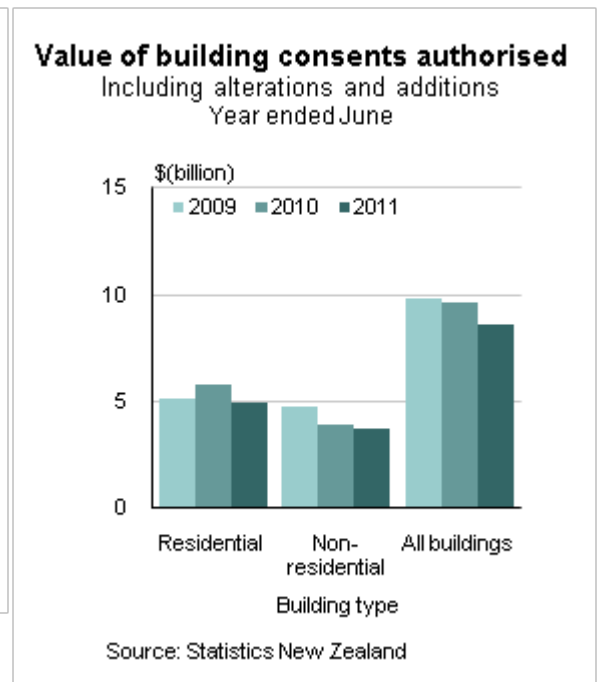
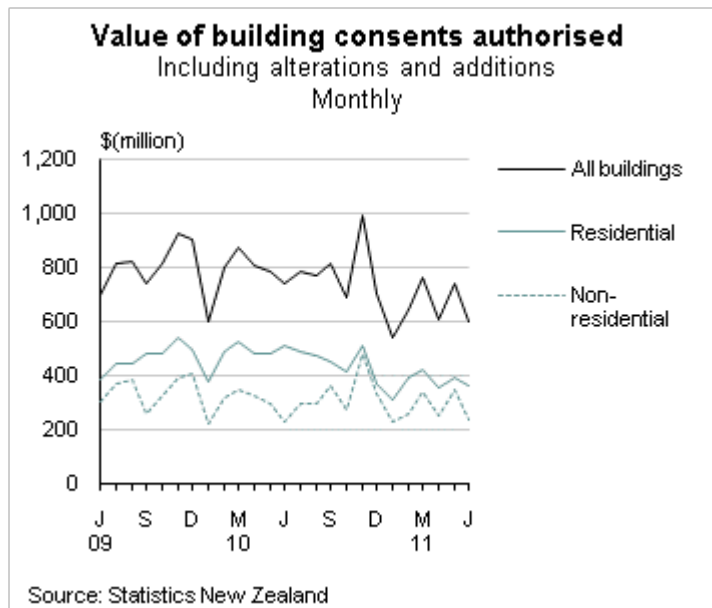
Earthquake-related consents cover residential, non-residential, and non-building construction. Non-building construction includes things like retaining walls and swimming pools. Consents for demolitions, where issued, are excluded.

Building consents are often used as an early indicator of building activity. The extent of the damage to Christchurch and surrounding areas, particularly following 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. The next Value of Building Work Put in Place information release will be published on 8 September 2011.

## All buildings

### June 2011 month

In the June 2011 month, the value of consents issued for all buildings was \$597 million, down 19 percent compared with June 2010.



## Year ended June 2011

For the year ended June 2011, compared with the year ended June 2010, the total value of consents issued for:

- all buildings was \$8,637 million, **down** \$971 million (10 percent)
- residential buildings was \$4,932 million, **down** \$805 million (14 percent)
- non-residential buildings was \$3,704 million, **down** \$166 million (4.3 percent).

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### Next release ...

*Building Consents Issued: July 2011* will be released on 30 August 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](http://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.

[Information about the 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 – June
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
6. Number of new dwelling units authorised, by quarter
7. Value of building consents issued, by quarter