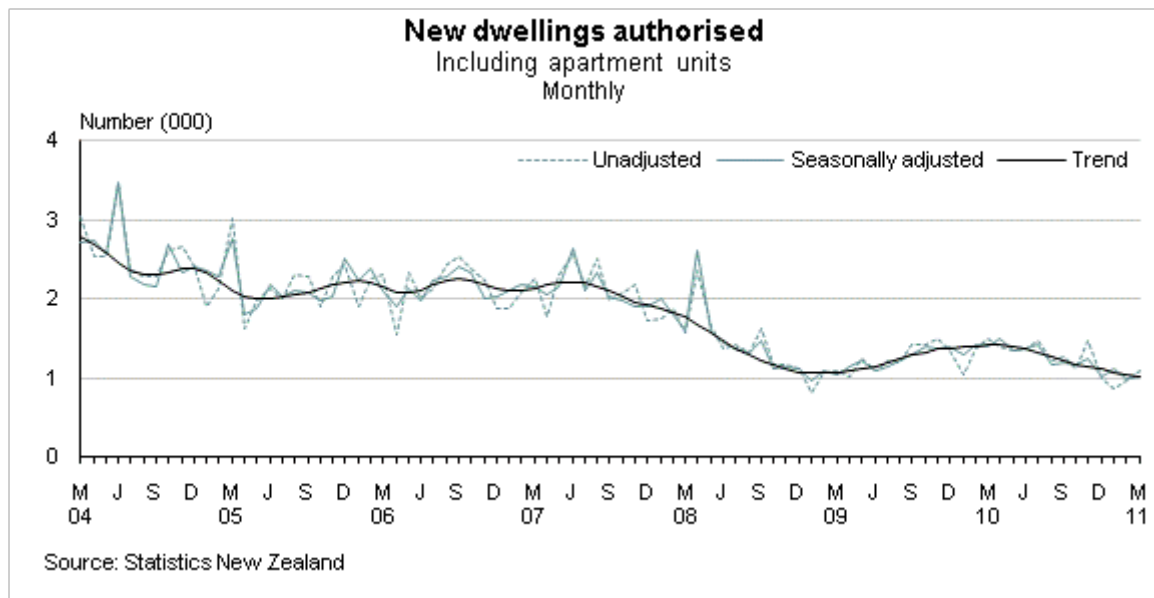


Building Consents Issued: March 2011

Embargoed until 10:45am – 04 May 2011

Highlights

- The trend for the number of new dwellings authorised, including apartments, has fallen steadily since April 2010, to the lowest level since the series began in 1982.
- The seasonally adjusted number of new dwellings authorised, including apartments, rose 2.2 percent in March, following a 9.8 percent fall in February and other large changes in recent months.
- 40 new apartment units and 1,047 other dwellings were authorised.
- The unadjusted value of residential building consents fell \$108 million (20 percent), while non-residential building consents fell \$1 million (0.2 percent), compared with March 2010.



Geoff Bascand
Government Statistician

4 May 2011
ISSN 1178-0231

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.

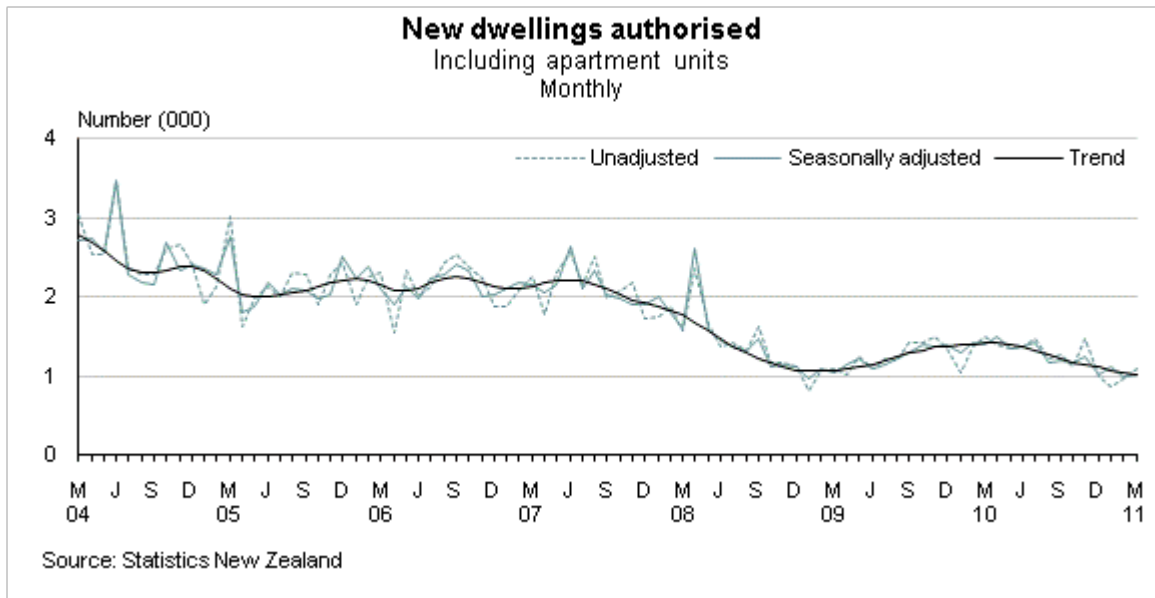
Residential buildings

March 2011 month

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

- 1,087 new dwelling units, including apartments, down 28 percent
- 1,047 new dwelling units, excluding apartments, down 27 percent
- 40 new apartment units, down 47 percent (apartment numbers can vary considerably from month to month).

The seasonally adjusted number of new dwellings authorised, including apartments, rose 2.2 percent in March 2011, following a 9.8 percent fall in February and other large changes in recent months. Excluding apartments, the pattern is similar.



The trend for the number of new dwellings authorised, including apartments, has declined steadily since April 2010, down 28 percent to the lowest level since the series began in January 1982.

The value of residential building consents was \$420 million in March 2011, down 20 percent compared with March 2010. The value trend has been declining for almost a year, falling 22 percent over this time.

Year ended March 2011

For the year ended March 2011, compared with the previous year, consents for:

- new dwelling units, including apartments, fell 5.0 percent to 14,611 (the lowest annual total for a March year since 1981)
- new dwelling units, excluding apartments, fell 4.1 percent to 13,583 (the lowest annual total for a March year since the 'excluding apartments' series began in 1991)
- new apartment units fell 15 percent to 1,028 (the lowest annual total for a March year since 1996).

The value of residential buildings was \$5,300 million, down 2.1 percent compared with the year ended March 2010.

Regional residential results

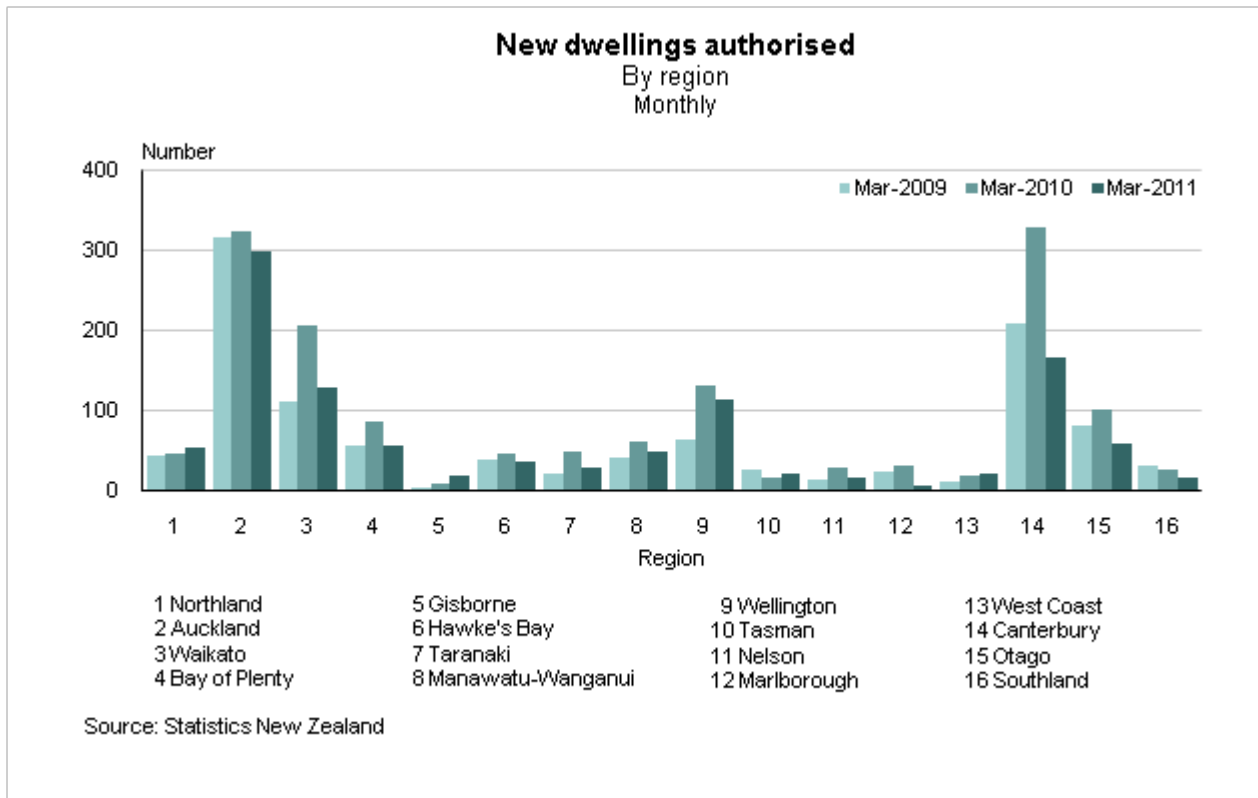
March 2011 month

Fewer new dwelling units were authorised in 12 of New Zealand's 16 regions in March 2011 compared with March 2010. In March 2011, numbers fell by 175 units (18 percent) in the North Island, and by 239 units (44 percent) in the South Island.

The three regions with the largest decreases from March 2010 were:

- Canterbury, down 161 units to 166 (43 apartments were authorised in March 2010 and none in March 2011)
- Waikato, down 78 units to 127
- Otago, down 41 units to 59.

All increases were small in comparison – the largest was in Gisborne, up nine units to a total of 18.



In Canterbury, about 20 earthquake-related consents were identified, with a combined value of \$11 million, including two new dwellings.

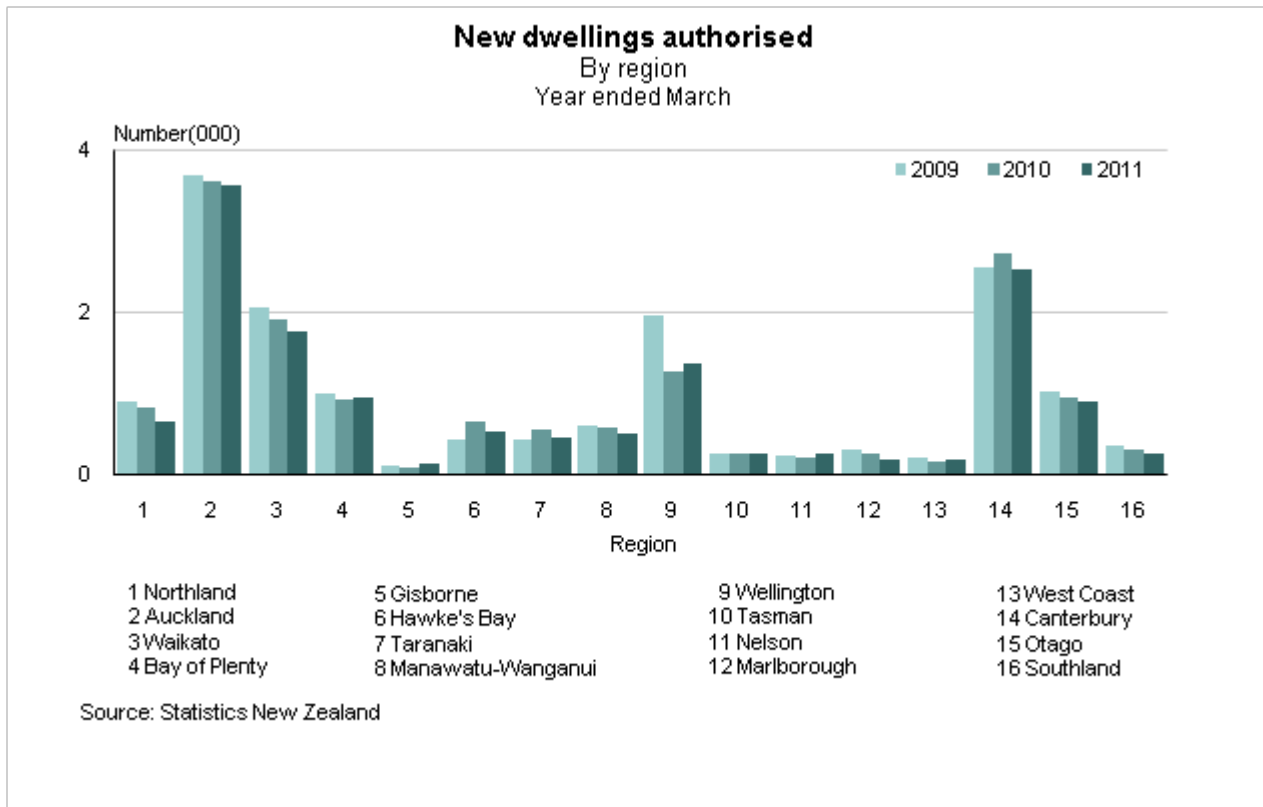
Building consents are often used as an early indicator of building activity. The extent of the damage to Christchurch and surrounding areas following the earthquake on 22 February means the relationship between consents and activity (for example, as measured by Statistics New Zealand's quarterly estimated value of building work put in place) may change, even at the national level.

Year ended March 2011

For the year ended March 2011, compared with the previous year, fewer new dwellings were authorised in 10 of New Zealand's 16 regions. Numbers fell by 493 units (4.7 percent) in the North Island and by 277 units (5.7 percent) in the South Island.

As shown by the dark bars in the graph below, the regions authorising the largest numbers of new dwellings were:

- Auckland, down 1.4 percent, to 3,579 units
- Canterbury, down 7.4 percent, to 2,526 units
- Waikato, down 7.9 percent, to 1,762 units.



Changes to Auckland region

On 1 November 2010, the new Auckland Council came into being. This council replaces both the former Auckland Regional Council and all or part of seven territorial authorities – all the North Shore, Waitakere, Auckland, and Manukau cities, the Rodney and Papakura districts, and part of the Franklin district are included in the new council area. For more information, see [Building Consents Issued: November 2010](#).

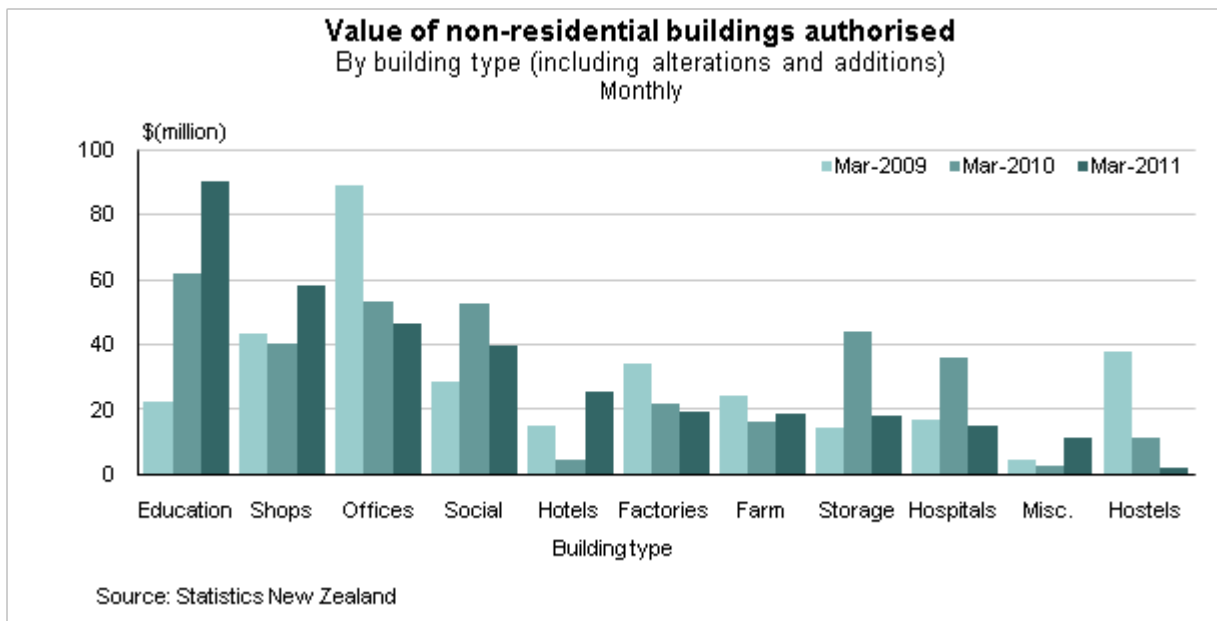
Non-residential buildings

March 2011 month

The value of non-residential building consents was \$344 million in March 2011, down 0.2 percent compared with March 2010. Six of the 11 building types recorded decreases in value.

The four building types with the largest change from March 2010 were:

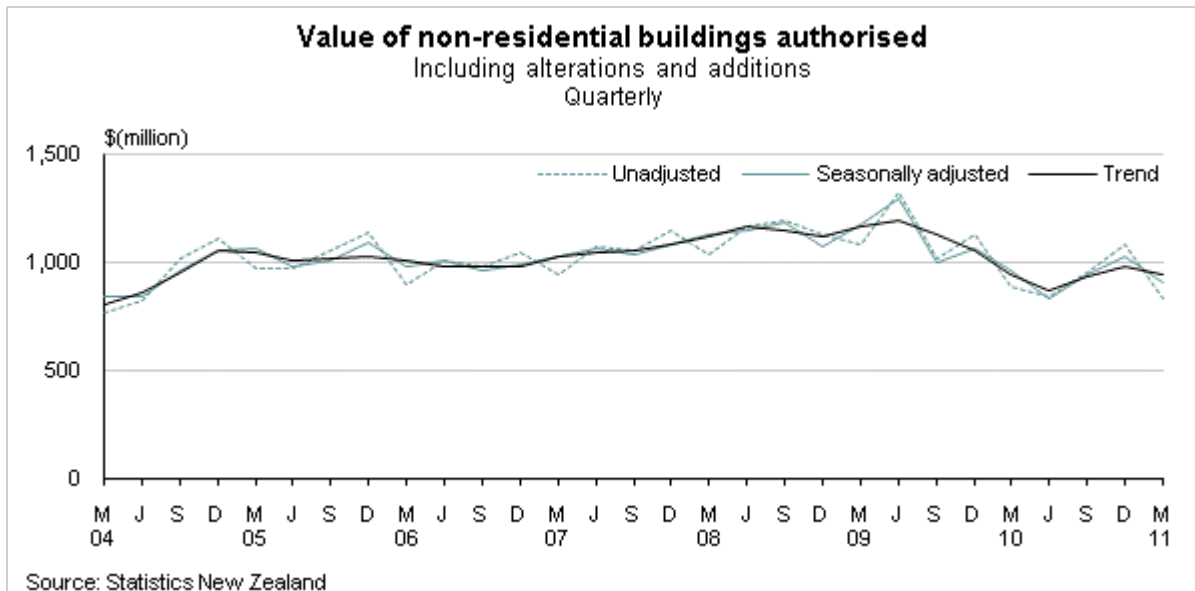
- education buildings, **up** \$28 million
- storage buildings, **down** \$26 million
- hotels and other short-term accommodation, **up** \$21 million
- hospitals and nursing homes, **down** \$21 million.



Education buildings contributed 26 percent to the value of non-residential buildings authorised in the March 2011 month, followed by 'shops, restaurants, and taverns', at 17 percent.

March 2011 quarter

The trend for the value of non-residential building consents authorised for the March 2011 quarter shows a small decrease; however this cannot be confirmed until more data becomes available. 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 for more information.

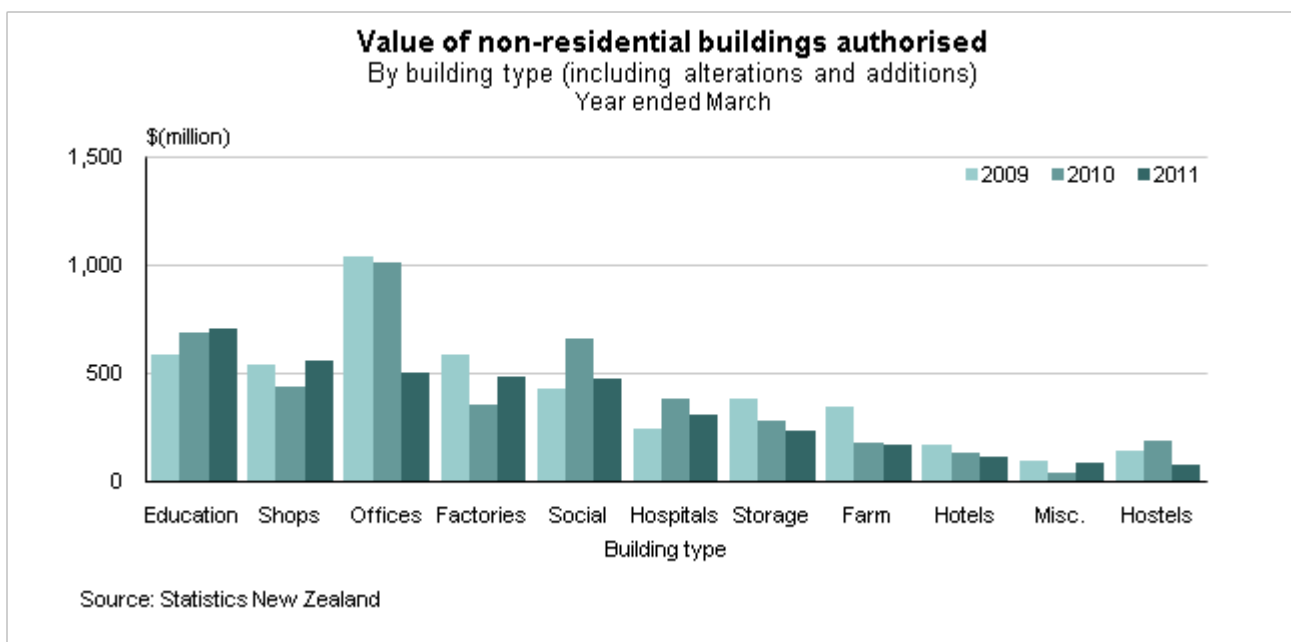


Year ended March 2011

The value of non-residential building consents was \$3,708 million in the year ended March 2011, down 14 percent compared with the year ended March 2010. Seven of the 11 building types recorded decreases in value.

The three building types with the largest change from the year ended March 2010 were:

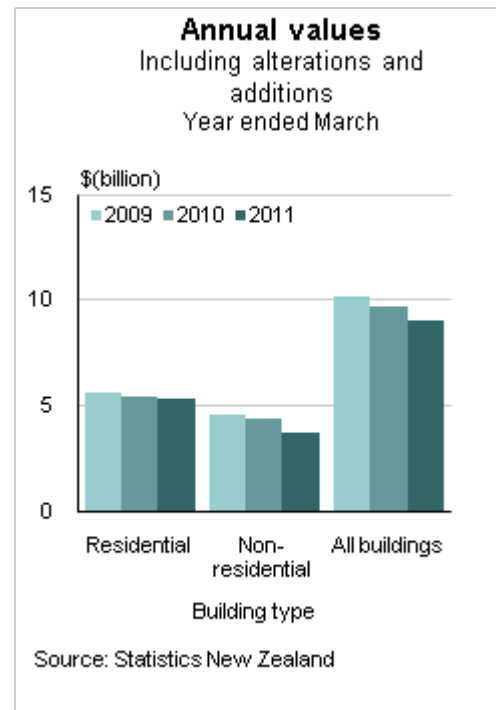
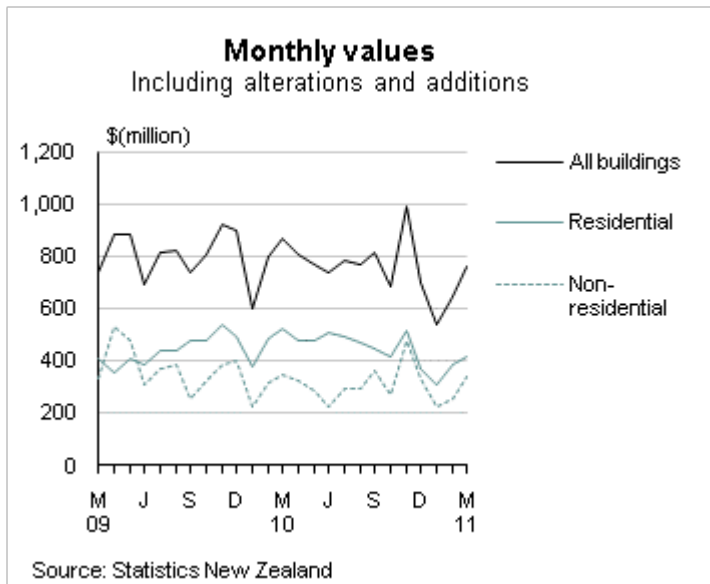
- offices and administration buildings, **down** \$512 million
- social, cultural, and religious buildings, **down** \$189 million
- factories and industrial buildings, **up** \$134 million.



Education buildings contributed 19 percent to the value of non-residential buildings authorised in the year ended March 2011, followed by 'shops, restaurants, and taverns', at 15 percent.

All buildings

In the March 2011 month, the value of consents issued for all buildings was \$764 million, down 12 percent compared with March 2010.



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

- all buildings was \$9,008 million, **down** \$740 million (7.6 percent)
- residential buildings was \$5,300 million, **down** \$115 million (2.1 percent)
- non-residential buildings was \$3,708 million, **down** \$626 million (14 percent).

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Next release ...

Building Consents Issued: April 2011 will be released on 3 June 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.

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

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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 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 – March
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