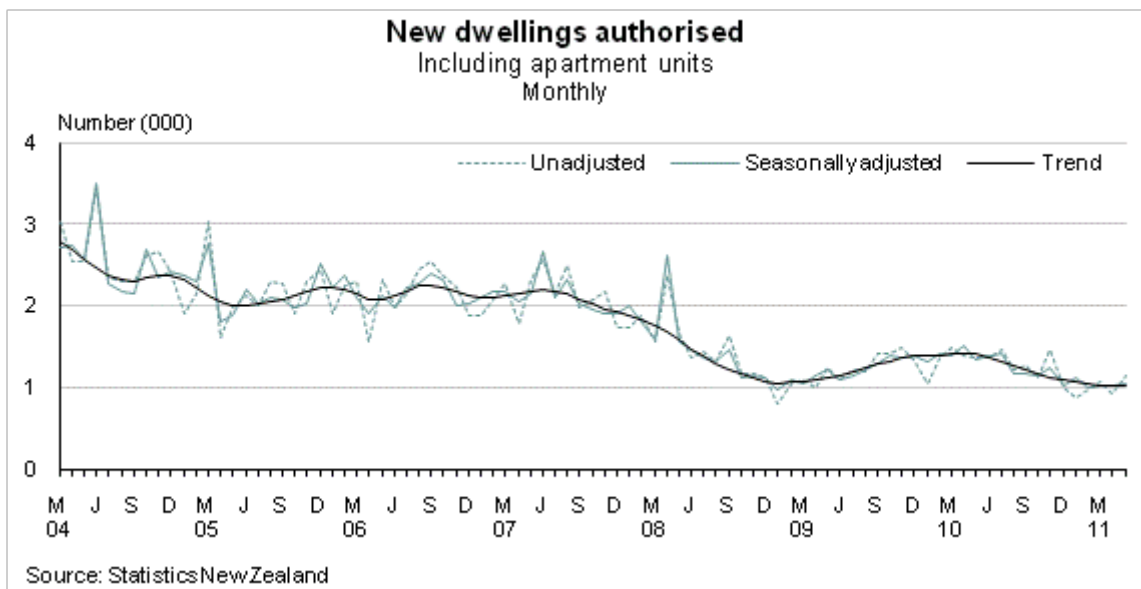


Building Consents Issued: May 2011

Embargoed until 10:45am – 30 June 2011

Highlights

- Consents for 68 new dwellings identified as earthquake-related were issued in Canterbury in May 2011.
- \$28 million worth of earthquake-related consents were identified in Canterbury, almost half the value of all earthquake-related consents identified from September 2010.
- The number of new dwelling units authorised in the North Island fell by almost a quarter, while the South Island remained at a similar level compared with May 2010.
- 1,139 new dwelling units, including apartments, were authorised, down 16 percent compared with May 2010.
- The trend for the number of new dwellings authorised, including apartments, is falling, but the rate of decline has eased.
- The seasonally adjusted number of new dwellings authorised, both including and excluding apartments, rose for May 2011.
- Compared with May 2010, the value of residential building consents fell \$93 million (19 percent), while non-residential consents rose \$52 million (17 percent).



Geoff Bascand
Government Statistician

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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.

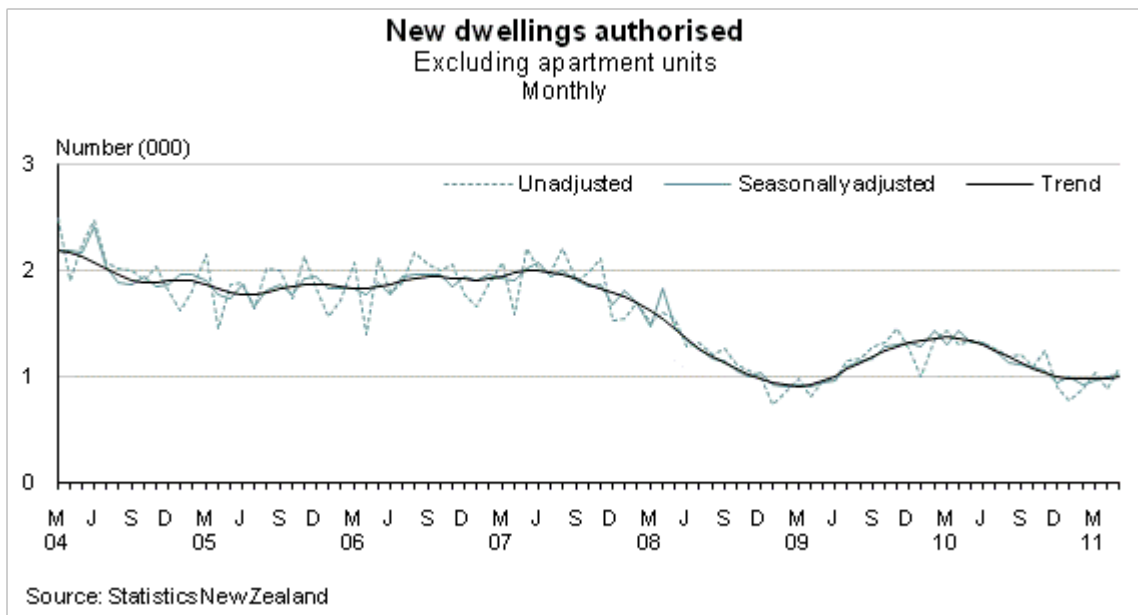
Residential buildings

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

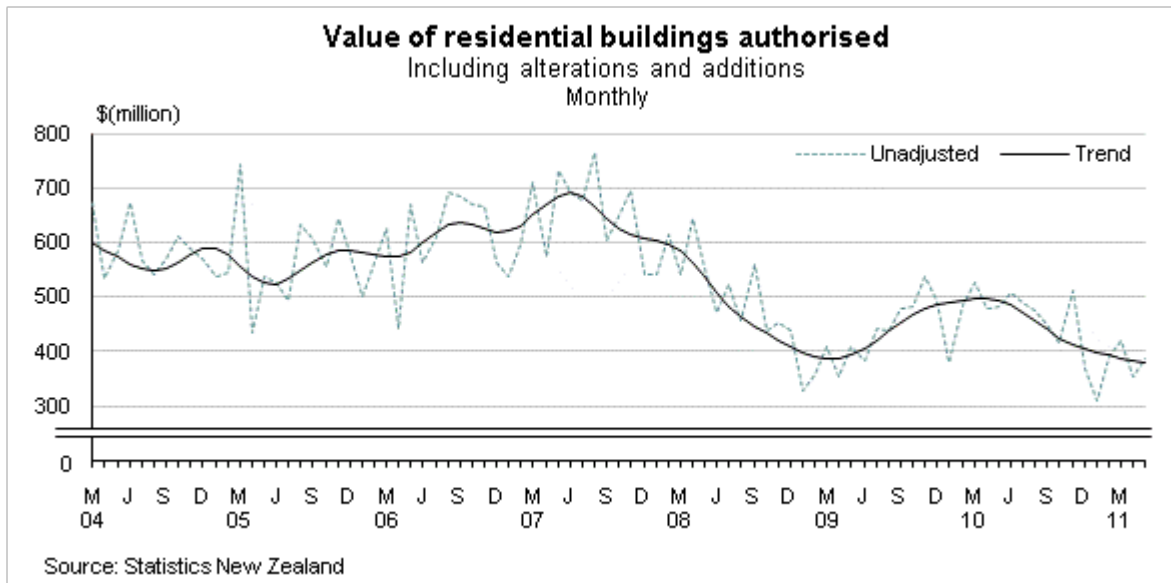
- 1,139 new dwelling units, including apartments, down 16 percent
- 1,073 new dwellings, excluding apartments, down 20 percent
- 66 new apartment units, up 39 units.

The numbers above show that consents are down from May 2010, but the seasonally adjusted number of new dwellings authorised, excluding apartments, has been rising for the past three months, with a 0.9 percent increase in May 2011, following rises of 3.7 percent in April and 4.2 percent in March. The trend for the number of new dwellings authorised, excluding apartments, appears to have reached a turning point, following decreases that began in April 2010. However, trend values are subject to revision each month and caution should be used until more data becomes available.

The number of new dwellings, including apartments, shows a slightly different picture, with the seasonally adjusted figure rising 2.2 percent in May 2011, following a fall of 1.2 percent in April and a rise of 2.5 percent in March. The trend has continued falling and is at its lowest level since this series began in 1982. However, the rate of decline has been easing in the past few months.



Compared with May 2010, the value of residential building consents in May 2011 fell \$93 million (19 percent) to \$389 million. The value trend has been declining for over a year, falling 24 percent over this time. The rate of decline has been easing over recent months.

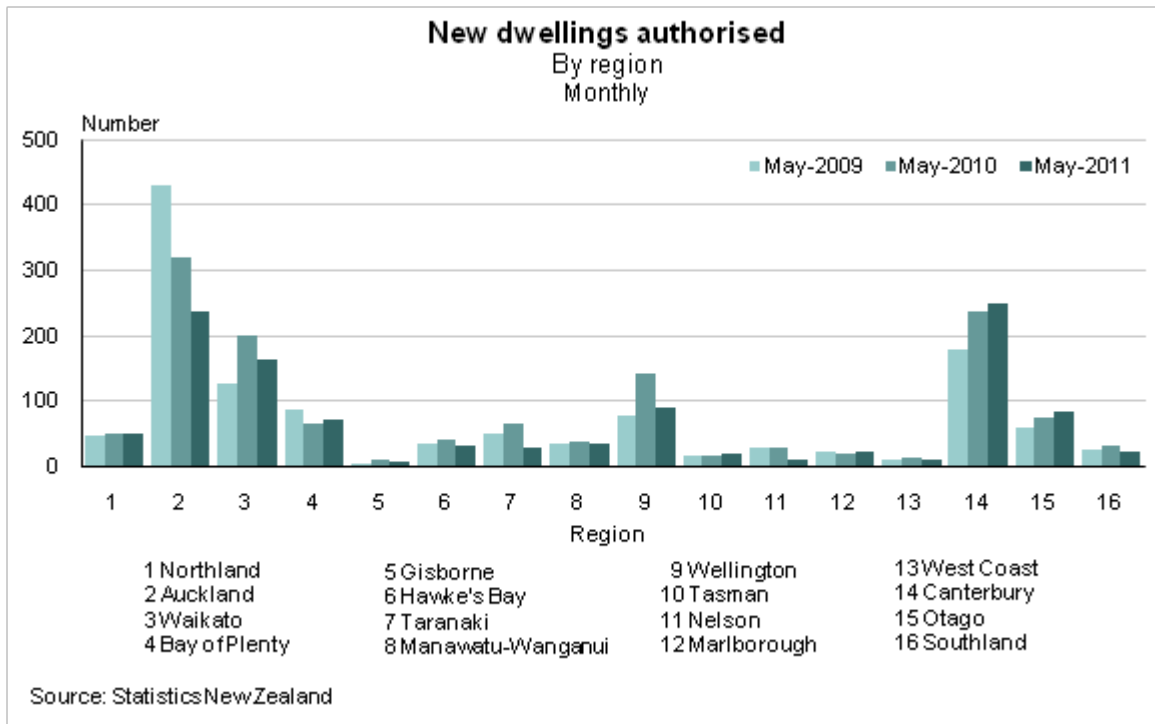


Regional residential results

In May 2011 compared with May 2010, the number of new dwelling units authorised in the North Island fell by almost a quarter (down 222 units or 24 percent), while the South Island remained at a similar level (up 1 unit or 0.2 percent). The regions with the largest decreases were:

- Auckland, down 85 units to 236
- Wellington, down 52 units to 89
- Waikato, down 39 units to 163
- Taranaki, down 37 units to 30.

Six of the 16 regions had more new dwelling units authorised, with Canterbury (up 14 units to 251) and Otago (up 10 units to 85) showing the largest increases.



Non-residential buildings

The value of non-residential building consents was \$350 million in May 2011, up 17 percent compared with May 2010. Six of the 11 building types recorded increases in value.

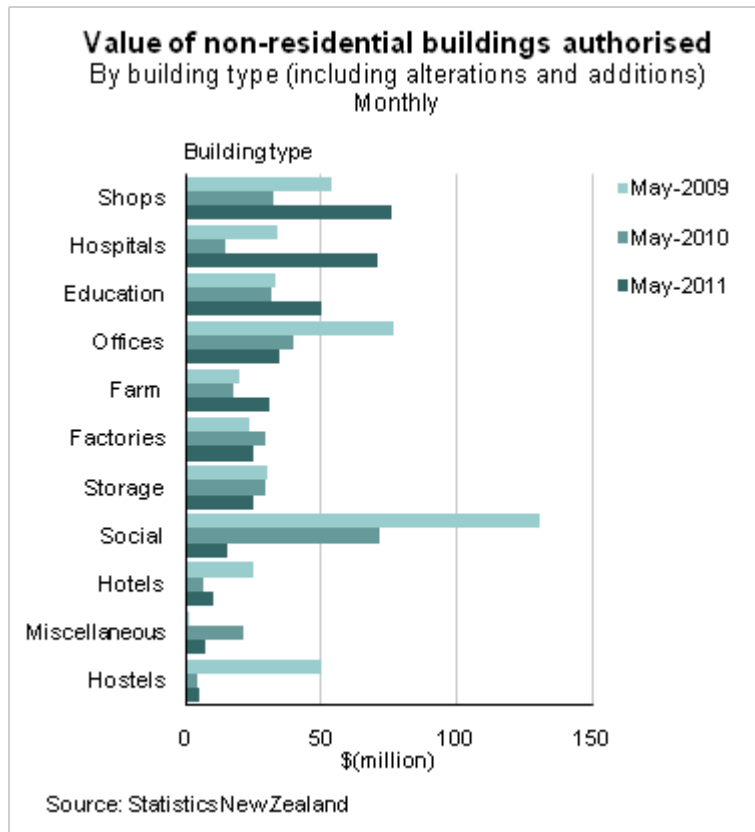
The three building types with the largest increases since May 2010 were:

- hospitals and nursing homes, up \$56 million
- shops, restaurants, and taverns, up \$43 million
- education buildings, up \$18 million.

The largest decrease was for social, cultural, and religious buildings, down \$56 million compared with May 2010. There was a revision upwards of \$10 million for May 2010 to social, cultural, and religious buildings, but this category would still have seen the largest decrease even without this revision.

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

- shops, restaurants, and taverns, at 22 percent
- hospitals and nursing homes, at 20 percent
- education buildings, at 14 percent.



Canterbury earthquake consents

In Canterbury, earthquake-related consents have seen a big increase in the latest month. A total of \$28 million of earthquake-related consents were identified in May 2011, with \$9 million of residential consents and \$19 million of non-residential consents. This is the largest total monthly value of earthquake-related consents identified, and accounts for almost half the value of all consents related to the Canterbury earthquakes since they began in September 2010.

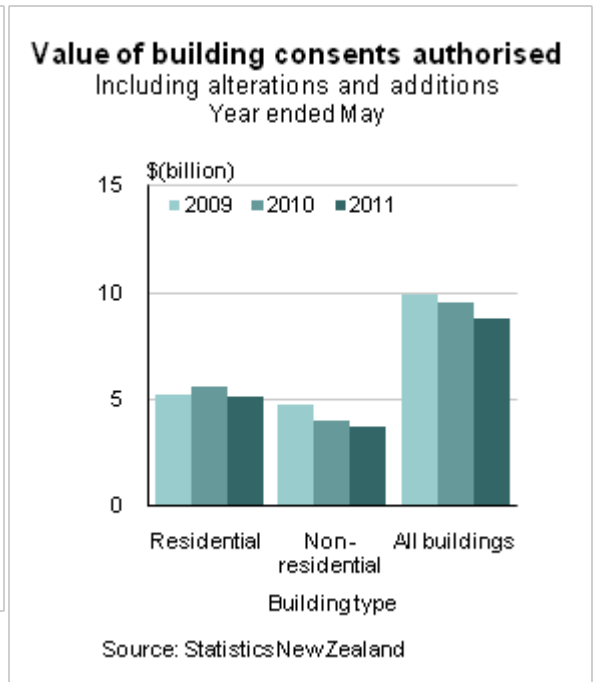
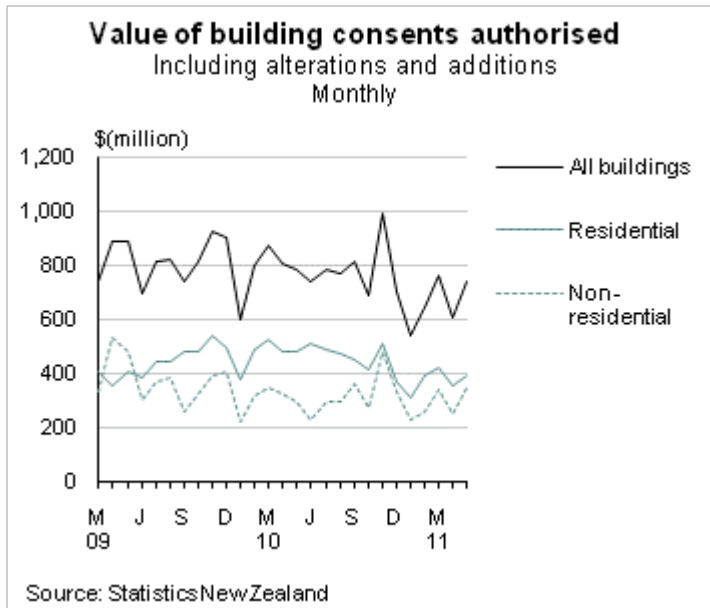
Of these earthquake-related consents, there were 68 new dwellings, 63 of which were relocatable units intended to house displaced residents. From September 2010, 89 new earthquake-related dwellings have been identified, so the figure for May 2011 makes up over three-quarters of all new dwellings related to the earthquakes.

From September 2010, over 250 earthquake-related consents were identified, totalling \$62 million. 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

In the May 2011 month, the value of consents issued for all buildings was \$739 million, down 5.3 percent compared with May 2010.



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

- all buildings was \$8,776 million, **down** \$788 million (8.2 percent)
- residential buildings was \$5,081 million, **down** \$533 million (9.5 percent)
- non-residential buildings was \$3,695 million, **down** \$255 million (6.5 percent).

Revisions

A revision to the May 2010 social, cultural, and religious building type has been made as a result of updated respondent information. The value figures for social, cultural, and religious buildings, total non-residential buildings, total all buildings, total authorisations issued, and the floor area for total non-residential buildings have been revised for the May 2010 month.

Series name	Series ref: BLD	Published on 29 June 2010	Published on 30 June 2011
Social, cultural, and religious buildings – value	SDH92MZ	\$62 million	\$72 million
Total non-residential buildings – value	SDO92MZ	\$289 million	\$299 million
Total all buildings – value	SDP92MZ	\$770 million	\$780 million
Total authorisations issued – value	SDR92MZ	\$810 million	\$820 million
Total non-residential buildings – floor area	SAO13MZ	156,000m ²	159,000m ²

For technical information contact:
Tina Waterhouse or Karen MacKenzie
Christchurch 03 964 8700
Email: info@stats.govt.nz

Next release ...

Building Consents Issued: June 2011 will be released on 29 July 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.

[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 – May
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