

# Building Consents Issued: November 2011

Embargoed until 10:45am – 10 January 2012

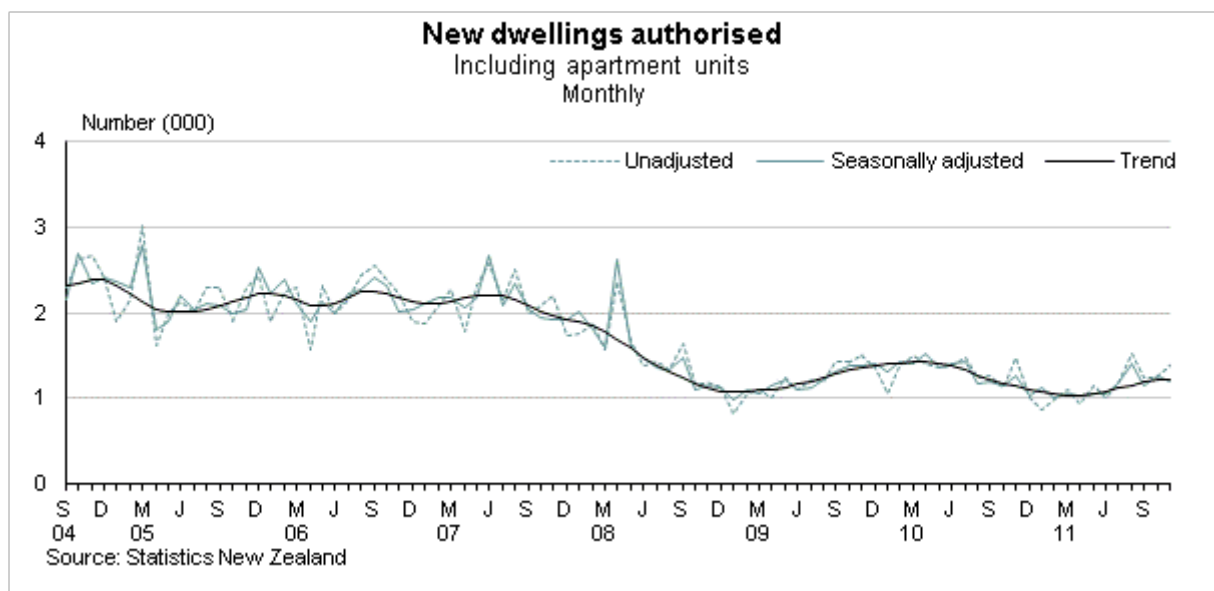
## Key facts

In November 2011:

- The trends for the number of new dwellings authorised, both including and excluding apartments, show a rise for the eight months to November 2011, following historically low levels.
- Seasonally adjusted new dwelling numbers, both including and excluding apartments, dipped in November 2011, the third change in direction in as many months.
- 1,384 new dwellings were approved, including 109 apartments (all of which are retirement units).
- Earthquake-related consents identified in Canterbury totalled \$47 million, including 10 new dwellings.

For November 2011 compared with November 2010:

- Apartment numbers fell by 117 (from 226), while dwellings other than apartments rose by 31.
- Dwelling numbers rose in Auckland, but fell (mostly due to apartments) in Canterbury, Wellington, and Otago.
- Total residential consent values fell \$9 million (1.8 percent).
- Total non-residential consent values fell \$65 million (13 percent).



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## Commentary

- Number of authorised new dwellings down in November
- Fewer dwellings consented in South Island
- Non-residential building value down
- Earthquake-related consents total \$47 million in November
- All buildings value down for November month and November year

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

### Number of authorised new dwellings down in November

In November 2011, the number of new dwellings authorised is down compared with November 2010. The decrease occurred because apartment numbers spiked in November 2010 and fell back to a more typical level this November.

Dwelling approval numbers for November 2011, compared with November 2010, were:

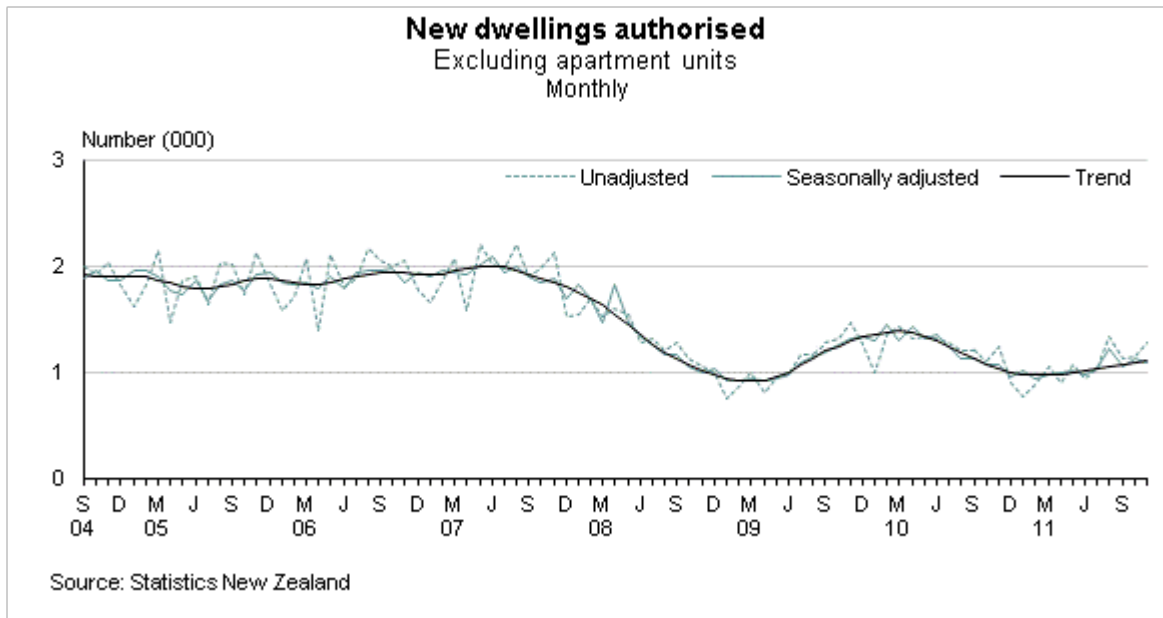
- 1,384 new dwellings, including apartments, **down** 5.9 percent
- 1,275 new dwellings, excluding apartments, **up** 2.5 percent
- 109 new apartments (all of which are retirement units), **down** from 226.

After removal of seasonal fluctuations, there were moderate decreases in the numbers of authorised new dwellings, both including and excluding apartments, in November 2011. This is the third change in direction in the latest three months. Including apartments, there was a seasonally adjusted decrease of 6.4 percent in November. Excluding apartments, the seasonally adjusted decrease was 2.5 percent.

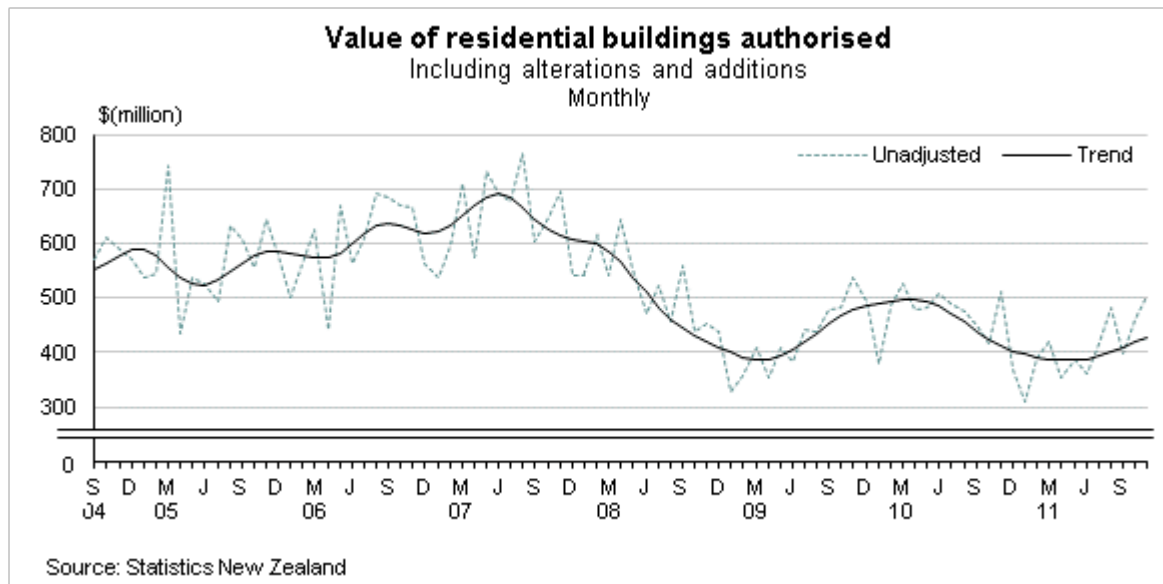
The trends for the number of new dwellings, both including and excluding apartments, continue to rise but are still at a relatively low level:

- including apartments, the trend for dwelling numbers shows rises since March 2011, but the rate of increase may be easing
- excluding apartments, the trend also shows rises since March 2011 but at a steadier rate.

Trend figures, particularly for the latest months, may be revised whenever an additional month is added to the series. Revisions can be large when there is volatility, such as for apartment numbers and earthquake-related dwellings.



In November 2011, compared with November 2010, the value of all residential building consents fell \$9 million (1.8 percent) to \$504 million. The value trend shows a rise since May 2011, which was a nine-year low-point.



## Fewer dwellings consented in South Island

In the South Island, 419 new dwellings were approved in November 2011, down 92 (18 percent) compared with November 2010. Most of the decrease in the South Island occurred in Canterbury and Otago. By contrast, numbers for the North Island were almost unchanged, up just one to 960. Auckland again had a sizeable increase, but this was almost nullified by other regional movements, particularly the decrease in Wellington.

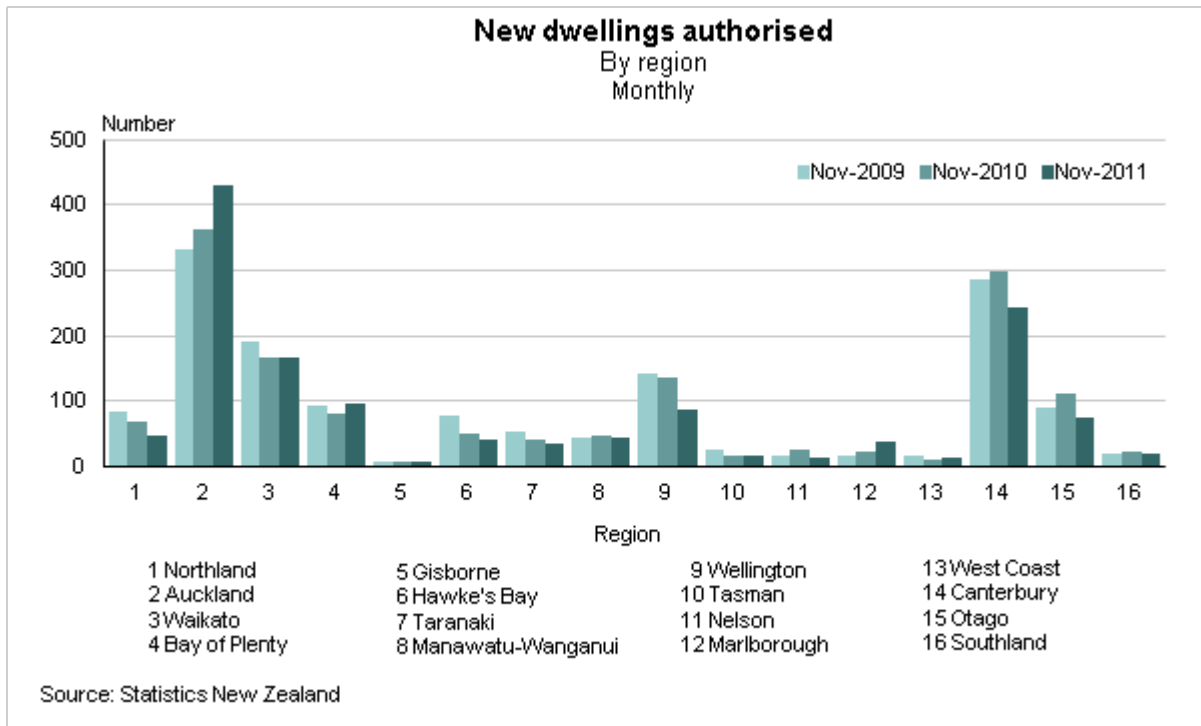
Eleven of New Zealand's 16 regions had fewer new dwelling approvals in November 2011 than in November 2010.

The regions showing the largest decreases in new dwelling numbers were:

- Canterbury, down 56 (19 percent) to 242
- Wellington, down 47 (35 percent) to 88
- Otago, down 38 (34 percent) to 75.

The largest regional increase was for Auckland, up 68 (19 percent) to 430.

The decreases for Canterbury, Wellington, and Otago were mostly caused by lower numbers of authorised apartments. Excluding apartments, the South Island had a decrease of 27 dwellings, while the North Island had an increase of 53 dwellings. Approvals for apartments often fluctuate markedly from month to month.

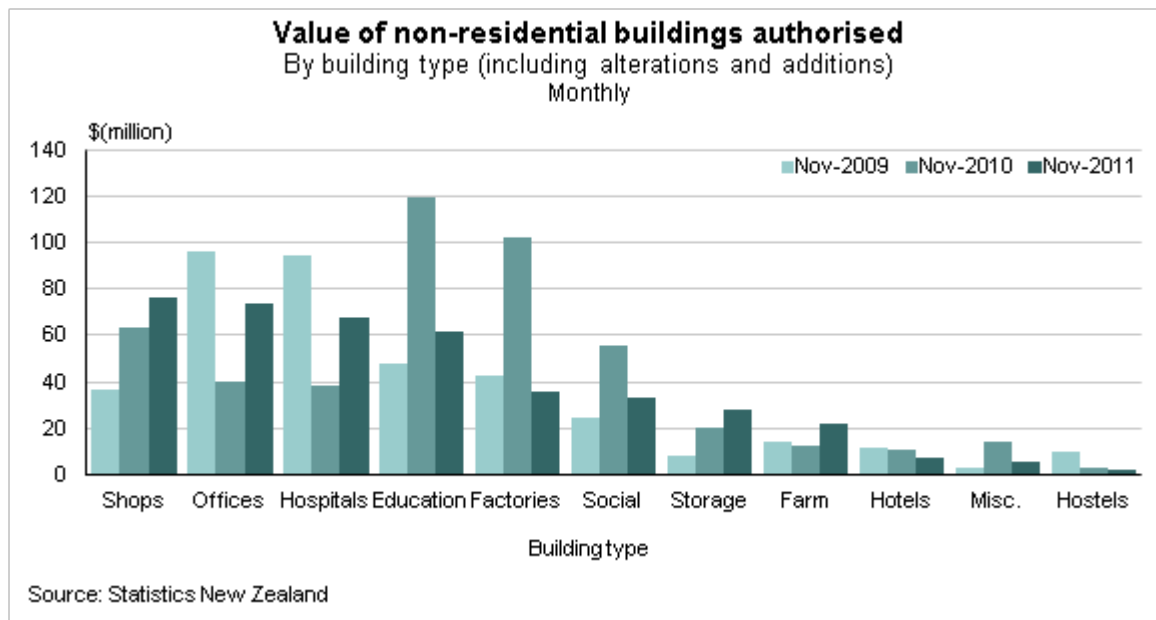


## Non-residential building value down

In November 2011, the value of non-residential building consents was \$415 million, down \$65 million (13 percent) compared with November 2010. Six of the 11 building types decreased in value.

The largest changes compared with November 2010 were:

- factories and industrial buildings, **down** \$66 million
- education buildings, **down** \$57 million
- offices and administration buildings, **up** \$34 million.



As shown by the darkest bars in the graph above, the four largest contributors to the value of non-residential buildings in November 2011 were:

- shops, restaurants, and taverns, at 18 percent
- offices and administration buildings, at 18 percent
- hospital and nursing homes, at 16 percent
- education buildings, at 15 percent.

## Earthquake-related consents total \$47 million in November

In Canterbury, building consents identified as being earthquake-related totalled \$47 million in November 2011, compared with \$26 million in October and \$29 million in September. Of the \$47 million recorded for November, \$35 million was for non-residential work, \$7 million was for residential work including 10 new dwellings, and \$5 million was for non-building construction. More information is available from Statistics NZ's [earthquake-related building consents in Canterbury](#).

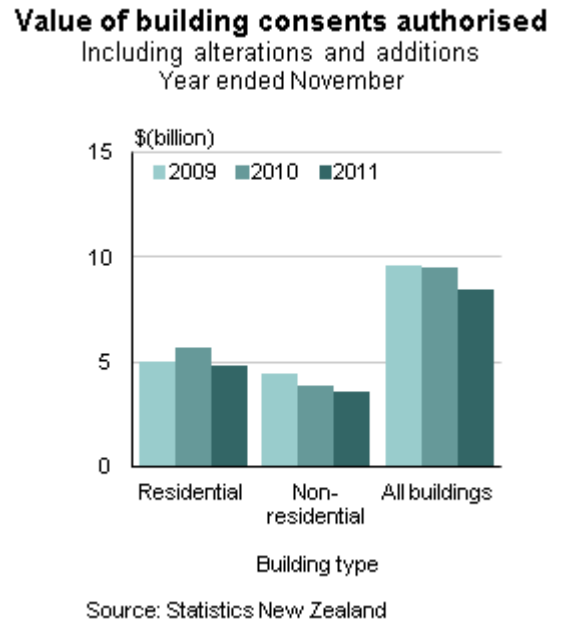
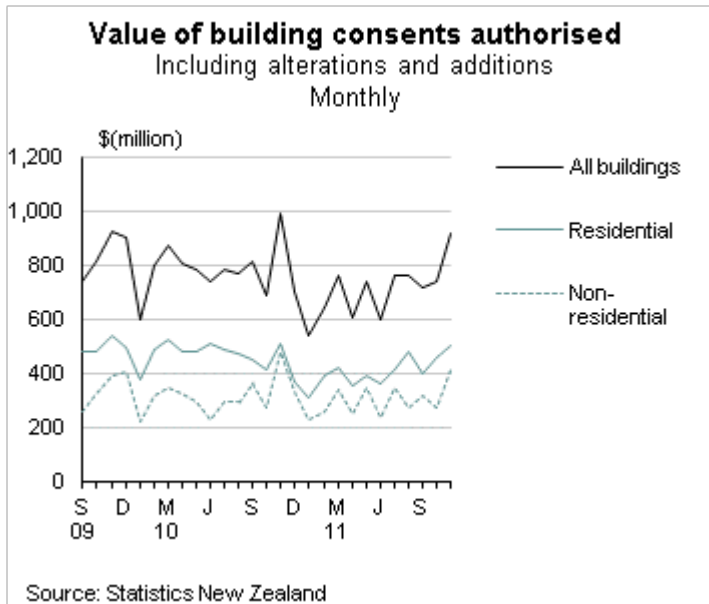
Since 4 September 2010, 914 earthquake-related consents have been identified, totalling \$230 million. This includes 217 new dwellings, of which 145 were relocatable units.

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 (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: December 2011 quarter* will be published on 5 March 2012.

## All buildings value down for November month and November year

In the November 2011 month, the value of consents issued for all buildings (residential and non-residential combined) was \$919 million, down 7.4 percent compared with November 2010.



For the year ended November 2011, compared with the previous November year:

- all buildings **decreased** \$1,062 million (11 percent) to \$8,484 million
- residential buildings **decreased** \$850 million (15 percent) to \$4,850 million
- non-residential buildings **decreased** \$212 million (5.5 percent) to \$3,633 million.

For more statistics, see the Excel tables in the 'Downloads' box. For information on revisions, see the [Revisions](#) section.

## 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 GST 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: December 2011* will be released on 31 January 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](#) details consents identified as earthquake-related in Canterbury each month.

[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, provided they are valued at \$5,000 or more, and 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. 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, and broadened the scope of work that may proceed without a building consent (for example, 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, and 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.

## Liability

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## Revisions

### Revision to July 2011 figures

Corrected data for a consent issued in Hamilton has affected July 2011 figures for dwellings and non-residential buildings at the territorial authority, regional, and national levels. However, figures for all buildings (residential and non-residential combined) are not affected because the changes are mostly a reclassification from residential to non-residential. The main changes at the national level are shown in the table below.

<b>Building type</b>	<b>Variable</b>	<b>Series BLDM.</b>	<b>Published on 30 August 2011</b>	<b>Published on 10 January 2012</b>
Apartments	Number	SAB11MZ	168	130
Dwellings excluding apartments	Number	SAS11MZ	1,035	1,040
All dwellings	Number	SHA11RZ	1,203	1,170
All dwellings	Value	SHA12RZ	\$324 million	\$320 million
All dwellings	Floor area	SHA13RZ	219,000m <sup>2</sup>	217,000m <sup>2</sup>
Total residential buildings	Value	SDC92MZ	\$420 million	\$416 million
Hospitals and nursing homes	Value	SDF92MZ	\$117 million	\$121 million
Hospitals and nursing homes	Floor area	SAF13MZ	8,000m <sup>2</sup>	10,000m <sup>2</sup>
Total non-residential buildings	Value	SDO92MZ	\$343 million	\$347 million
Total non-residential buildings	Floor area	SAO13MZ	167,000m <sup>2</sup>	169,000m <sup>2</sup>

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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: November 2011* 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 – November
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 authority area
5. Value of building consents issued, unadjusted and trend series

## 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**