

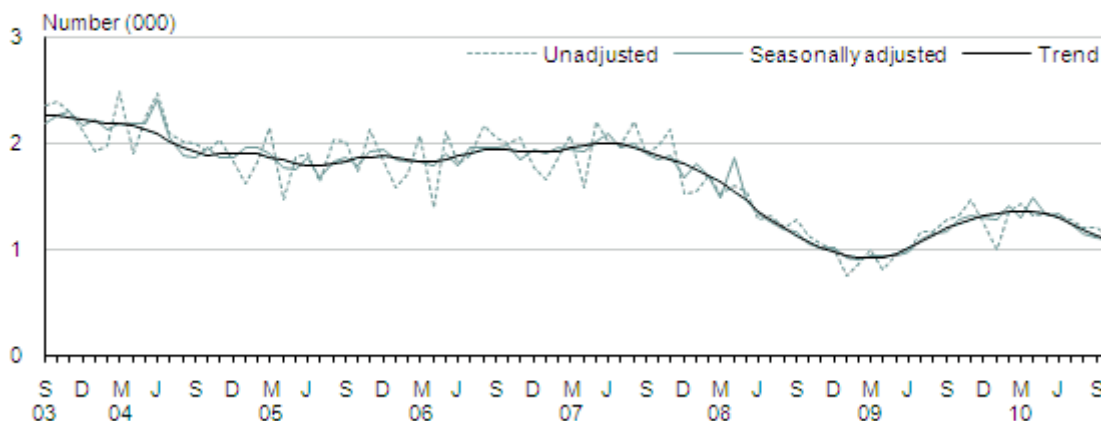
Embargoed until 10:45am – 30 November 2010

Building Consents Issued: October 2010

Highlights

- The seasonally adjusted number of new dwelling units authorised, excluding apartments, fell 1.1 percent, the fourth consecutive monthly decrease.
- The trend for the number of new dwellings authorised, excluding apartments, has fallen steadily in recent months, declining 20 percent since March 2010.
- 1,099 new dwellings were authorised, excluding apartments.
- 24 new apartment units were authorised.
- For October 2010 compared with October 2009, the unadjusted value of residential building consents fell \$65 million (14 percent), and non-residential building consents fell \$57 million (17 percent).

New dwellings authorised
Excluding apartment units
Monthly



Source: Statistics New Zealand

Geoff Bascand
Government Statistician

30 November 2010
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 from other factors.

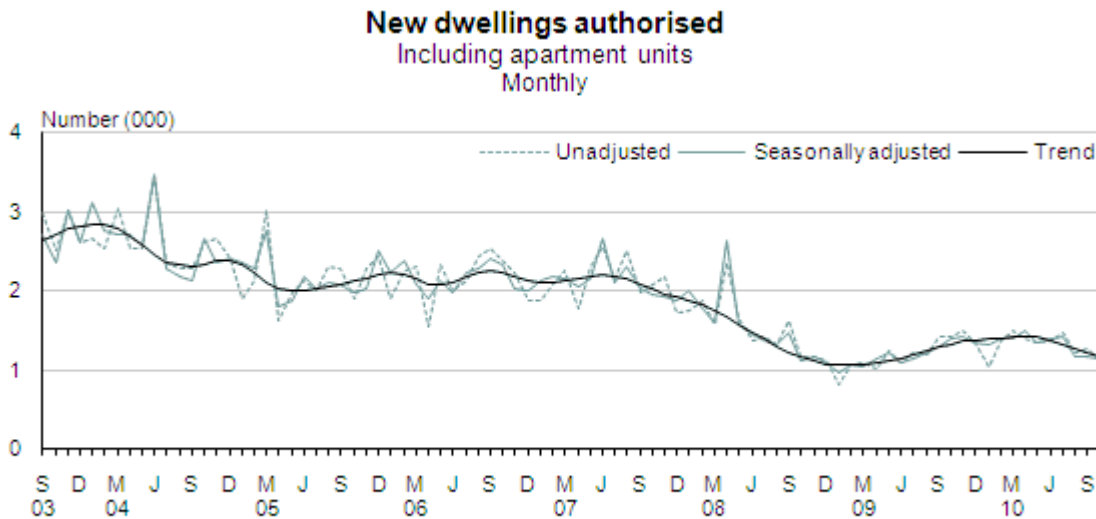
Residential buildings

Figures given are unadjusted unless otherwise stated. In October 2010 compared with October 2009, consents were issued for:

- 1,123 new dwelling units, including apartments, down 21 percent
- 1,099 new dwelling units, excluding apartments, down 17 percent
- 24 new apartment units, down 77 percent.

Apartments contributed 2.1 percent to the number of new dwellings authorised in October 2010, compared with a monthly average of 5.1 percent for the previous 12 months. Apartment numbers can vary considerably from month to month.

The seasonally adjusted number of new dwelling units authorised, including apartments, fell 2.0 percent in October 2010, following a small rise of 0.2 percent in September 2010. The trend has fallen steadily, declining 18 percent since April 2010, following increases that began in February 2009. As shown in the graph below, the trend level is 59 percent lower than the series peak in January 2004.



Source: Statistics New Zealand

Excluding apartments, the seasonally adjusted number of new dwellings authorised in October 2010 fell 1.1 percent, and has fallen for the fourth consecutive month, down to the lowest point since July 2009.

The trend for the number of new dwellings authorised, excluding apartments, has also fallen steadily, declining 20 percent since March 2010. The current level is 19 percent higher than the recent low in March 2009, but is 46 percent lower than the June 2007 level, before the economic downturn.

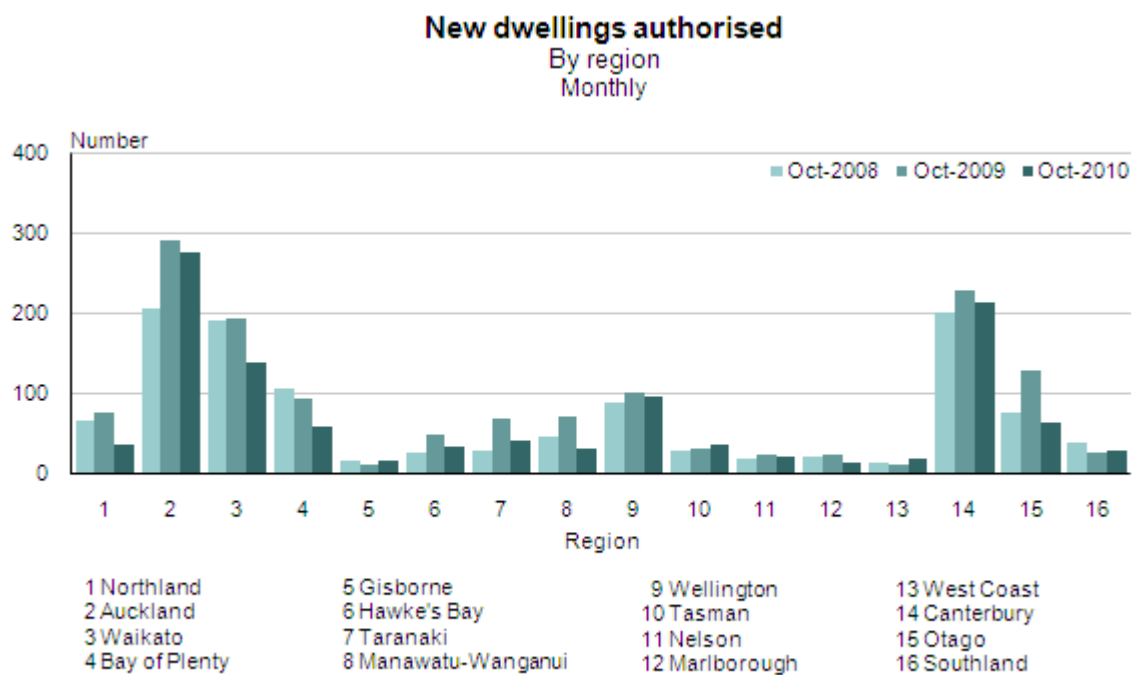
The value of residential building consents was \$415 million in October 2010, down 14 percent compared with October 2009. The trend value has been declining since April 2010, and has fallen 14 percent over this period.

Regional residential results

Fewer new dwelling units were authorised in 12 of New Zealand's 16 regions in October 2010 compared with October 2009. In October 2010, numbers fell by 227 units (24 percent) in the North Island and by 74 units (16 percent) in the South Island.

The three regions with the largest decreases from October 2009 were:

- Otago, down 64 units to 63 (50 fewer new apartments were authorised)
- Waikato, down 57 units to 137
- Northland, down 41 units to 36.



Source: Statistics New Zealand

The four regions authorising more new dwellings had small increases (of seven units or less).

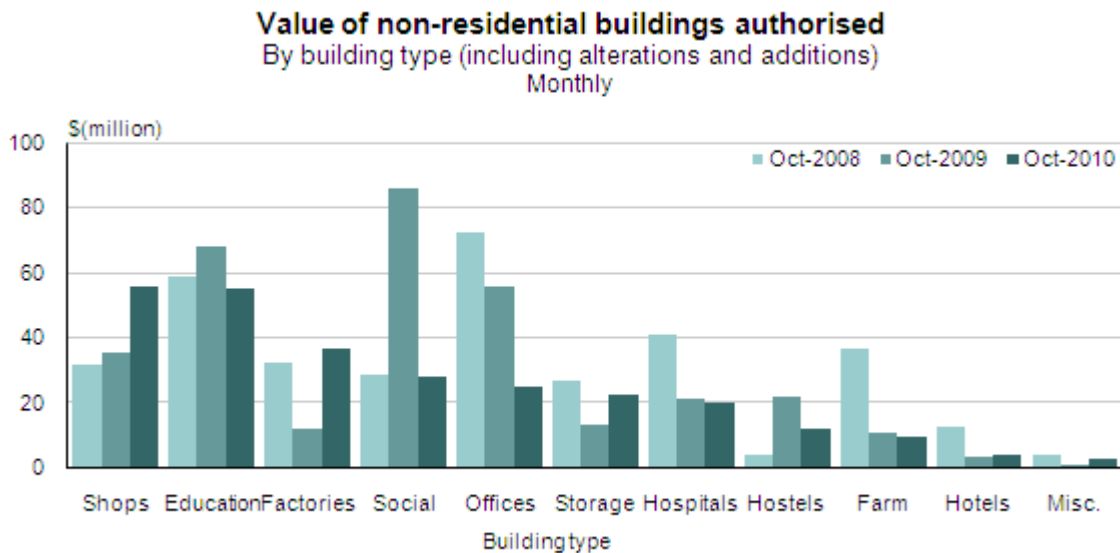
In Canterbury, a small number of low-value consents authorised in October 2010 were related to the earthquake. None of these were for new dwellings.

Non-residential buildings

The value of non-residential building consents was \$272 million in October 2010, down 17 percent compared with October 2009. Six of the 11 building types recorded decreases in value.

The four building types with the largest changes from October 2009 were:

- social, cultural, and religious buildings, **down** \$58 million
- offices and administration buildings, **down** \$31 million
- factories and industrial buildings, **up** \$25 million
- shops, restaurants, and taverns, **up** \$20 million.



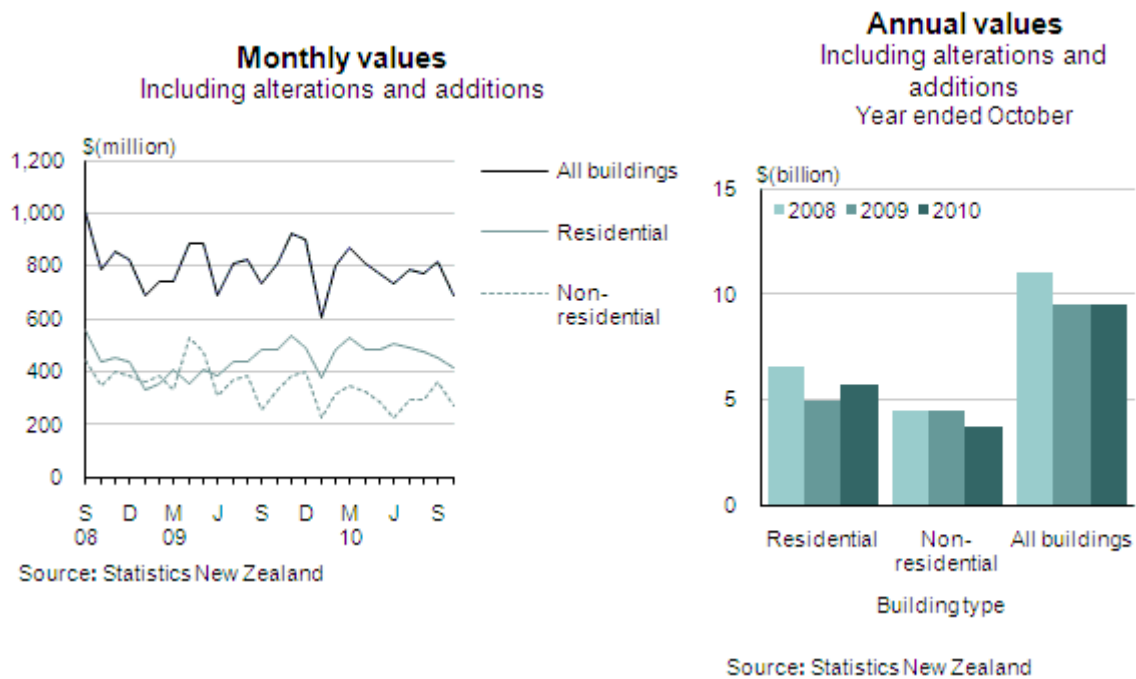
The two largest contributors to the value of non-residential building consents authorised for October 2010 were:

- shops, restaurants, and taverns, at 21 percent
- education buildings, at 20 percent.

The monthly trend series for the value of non-residential buildings has been removed from the 'Tables' section and Infoshare for further analysis. The trend series is estimated after the removal of consents valued at \$25 million or more, and Statistics New Zealand is reviewing this practice. The monthly series is available on request.

All buildings

In the October 2010 month, the value of consents issued for all buildings was \$687 million, down 15 percent compared with October 2009.



For the year ended October 2010 compared with the year ended October 2009, the total value of consents issued for:

- all buildings was \$9,469 million, **down** \$25 million (0.3 percent)
- residential buildings was \$5,724 million, **up** \$743 million (15 percent)
- non-residential buildings was \$3,746 million, **down** \$768 million (17 percent).

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

Next release ...

Building Consents Issued: November 2010 will be released on 11 January 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. To reduce distortions, the series for non-residential buildings is estimated after removal of large consent values of \$25 million or more.

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.

Further information on [seasonal adjustment](#) is on the Statistics New Zealand website.

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 might 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.

Copyright

Information obtained from Statistics NZ may be freely used, reproduced, or quoted unless otherwise specified. In all cases Statistics NZ must be acknowledged as the source.

Liability

While care has been used in processing, analysing and extracting information, Statistics NZ gives no warranty that the information supplied is free from error. Statistics NZ shall not be liable for any loss suffered through the use, directly or indirectly, of any information, product or service.

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 Hot Off the Press 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 – October
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