

# Building Consents Issued: October 2011

Embargoed until 10:45am – 30 November 2011

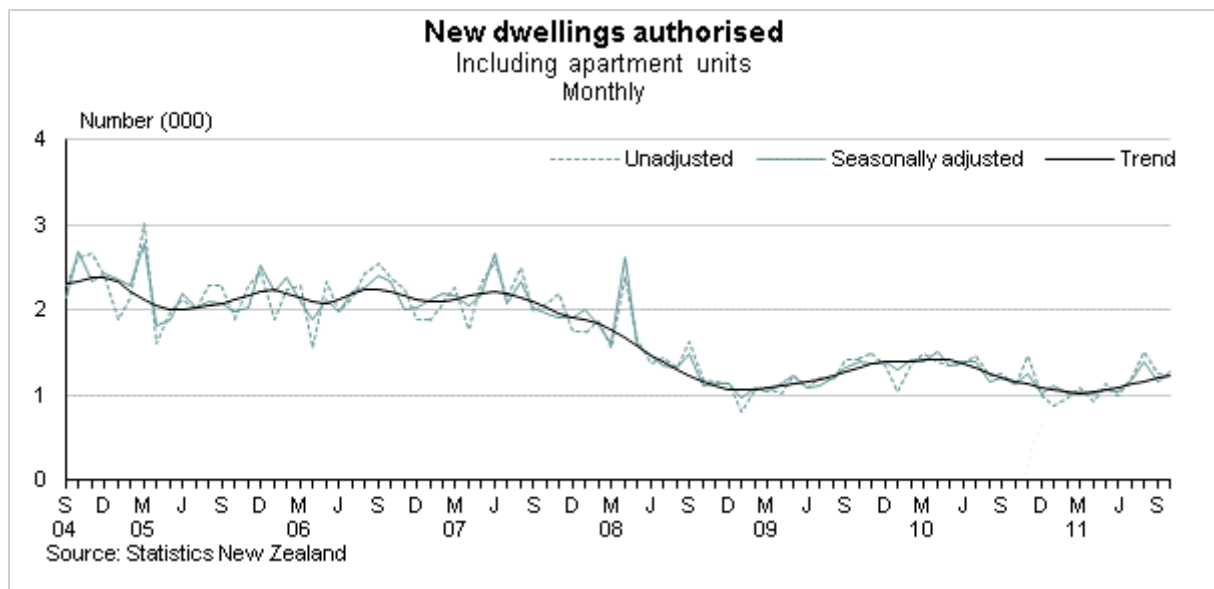
## Key facts

In October 2011:

- The trends for the number of new dwellings authorised, both including and excluding apartments, show moderate increases since March 2011.
- Seasonally adjusted new dwelling numbers, both including and excluding apartments, show increases in October 2011, following recent volatile movement.
- 1,238 new dwellings were approved, including 89 apartments (none of which were assisted-living apartments).
- Auckland, up 128 dwellings from October 2010, has the largest regional increase.
- Earthquake-related consents identified in Canterbury totalled \$26 million, including 13 new dwellings.

For October 2011 compared with October 2010:

- Total residential consent values rose \$45 million (11 percent).
- Total non-residential consent values rose \$4 million (1.5 percent).



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## Commentary

- Number of authorised new dwellings up in October
- More new dwellings in North Island, fewer in South Island
- Non-residential building value little changed
- Earthquake-related consents total \$26 million in October
- All buildings value up for October month, down for October year

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

### Number of authorised new dwellings up in October

In October 2011, the number of new dwellings authorised is up compared with the same month of the previous year. Consents were issued for:

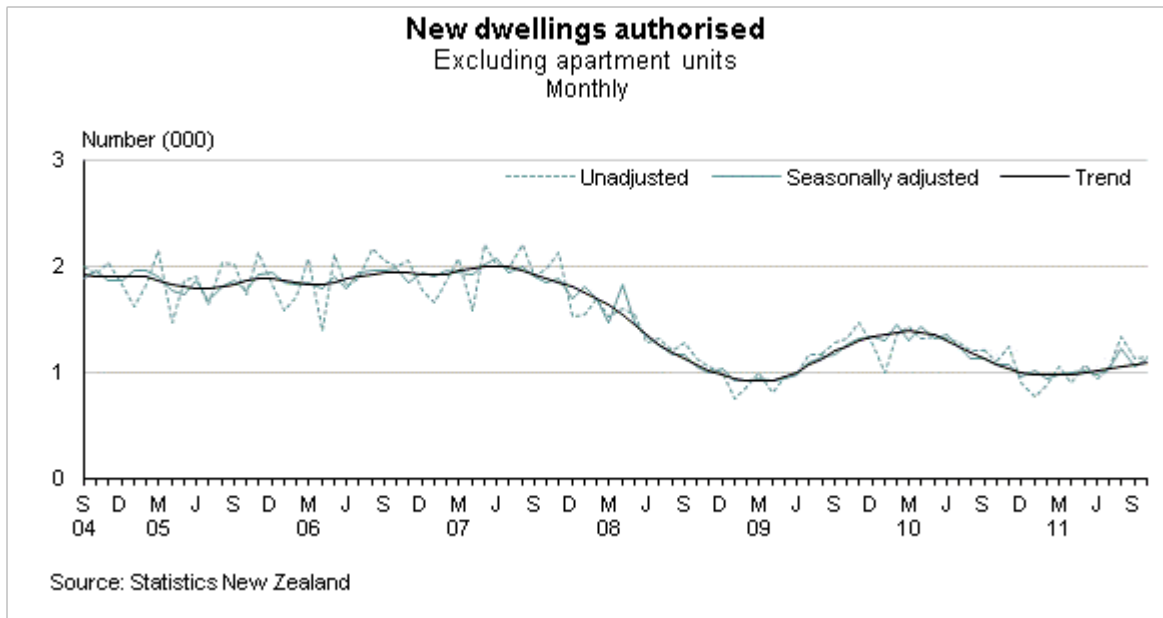
- 1,238 new dwellings, including apartments, **up** 10 percent
- 1,149 new dwellings, excluding apartments, **up** 4.5 percent
- 89 new apartments, none of which were for assisted-living.

In seasonally adjusted terms, the numbers of new dwellings authorised, both including and excluding apartments, show large increases for October 2011. These increases follow substantial decreases in September which reversed most of the increases of July and August. Including apartments, there was a seasonally adjusted increase of 11 percent in October. Excluding apartments, the seasonally adjusted increase was 7.1 percent.

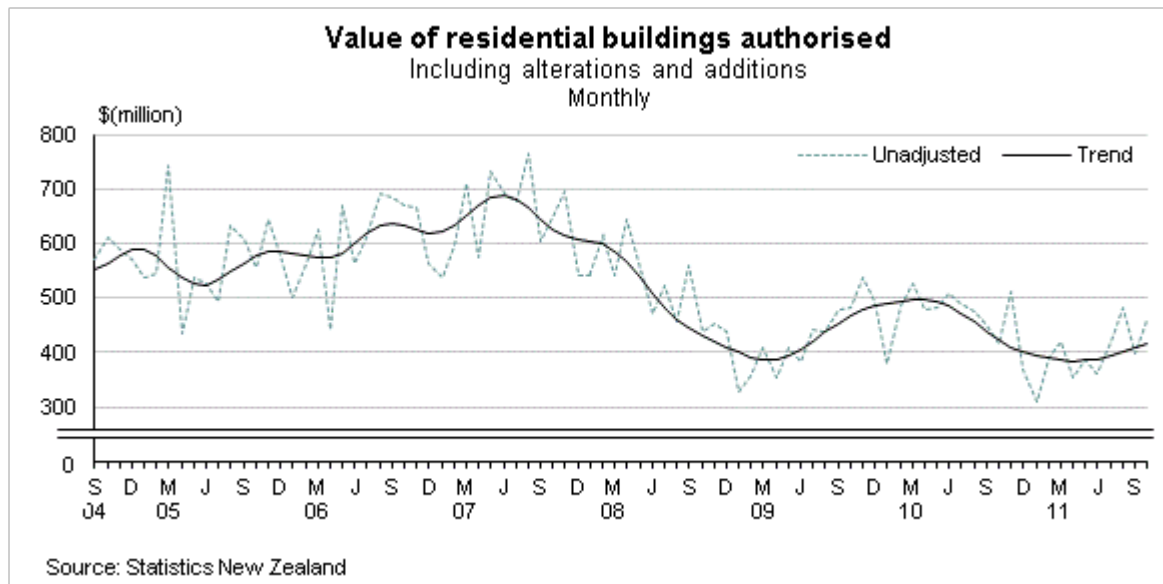
The trends for the number of new dwellings, both including and excluding apartments, also show rises (although from a relatively low level):

- including apartments, the trend shows rises in dwelling numbers since March 2011
- excluding apartments, the trend also shows rises since March 2011 but at a slower rate.

These increasing trends follow some of the lowest levels of new dwellings authorised since these series began. Variable numbers of consents issued for apartments and earthquake-related dwellings in recent months have resulted in a less stable trend than usual. This means that while both trends are increasing, the rate at which they are rising may be revised as more months are added to the series.



In October 2011, compared with October 2010, the value of all residential building consents rose \$45 million (11 percent) to \$460 million. The value trend shows a rise since April 2011, which was a nine-year low-point.



## More new dwellings in North Island, fewer in South Island

In the North Island, 888 new dwellings were approved in October 2011, up 159 (22 percent) compared with October 2010. Most of this increase was due to Auckland, up 128 (46 percent). However, a different story unfolded in the South Island where approved new dwellings dropped in number by 44 (11 percent) to 350.

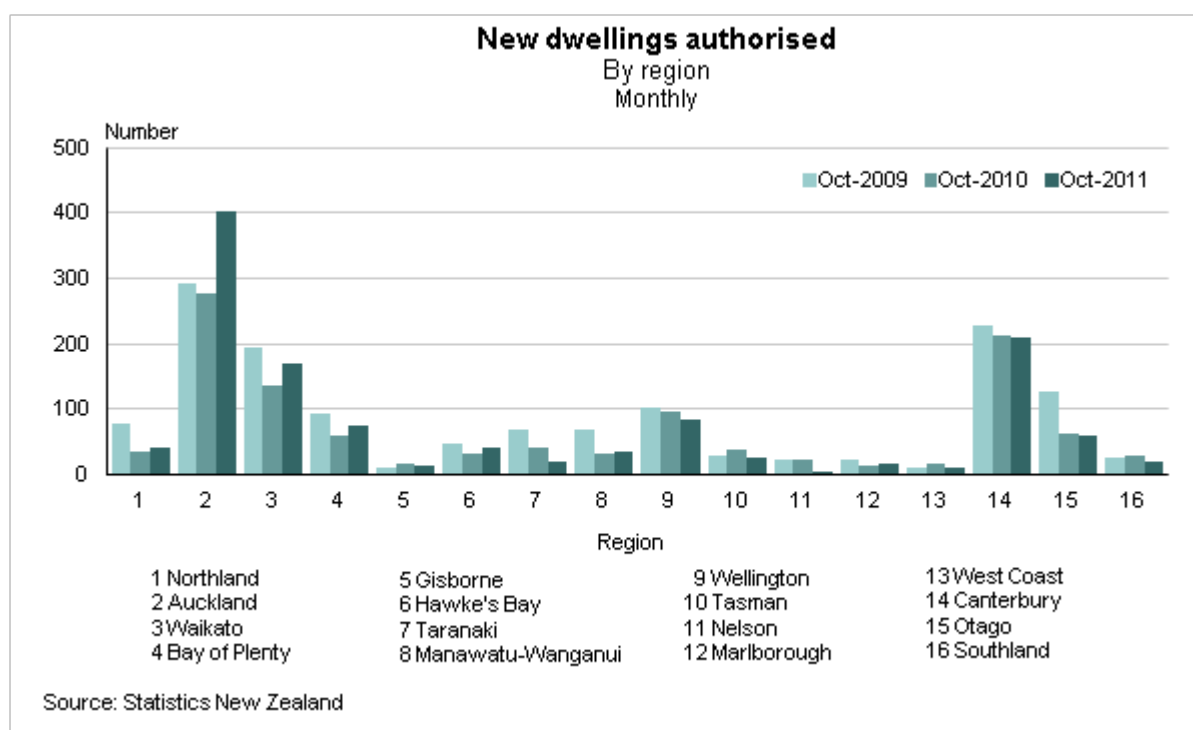
Seven of New Zealand's 16 regions show more new dwelling approvals for October 2011 than for the same month of the previous year.

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

- Auckland, up 128 (46 percent) to 404
- Waikato, up 33 (24 percent) to 170
- Bay of Plenty, up 15 (25 percent) to 74.

The largest regional decrease was for Taranaki, down 22 (52 percent) to 20.

Auckland dwelling approvals for October 2011 include 71 new apartments, compared with 24 approved in October 2010. Waikato's increase of 33 includes 18 apartments. Canterbury, despite the anticipated rebuild following the earthquakes, showed little change, down 1 dwelling to 211.

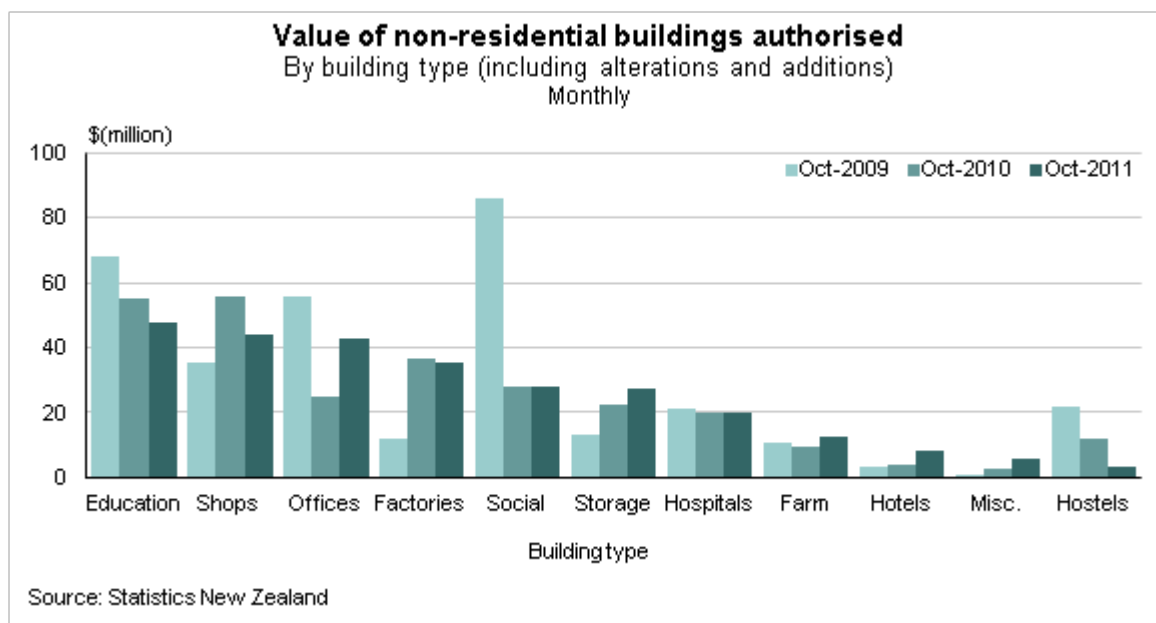


## Non-residential building value little changed

In October 2011, the value of non-residential building consents was \$276 million, up \$4 million (1.5 percent) compared with the same month in 2010. Six of the 11 building types increased in value.

The largest changes compared with October 2010 were:

- offices and administration buildings, **up \$18 million**
- shops, restaurants, and taverns, **down \$12 million**
- hostels and boarding houses, **down \$8 million**.



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

- education buildings, at 17 percent
- shops, restaurants, and taverns, at 16 percent
- offices and administration buildings, at 16 percent.

The spike in the 'social, cultural, and religious buildings' category in the above graph is mainly due to sports facilities authorised in October 2009.

## Earthquake-related consents total \$26 million in October

In Canterbury, building consents identified as being earthquake-related totalled \$26 million in October 2011, compared with \$29 million in September and \$20 million in August. Of the \$26 million recorded for October, \$19 million was for non-residential work, while \$7 million was for residential work including 13 new dwellings. More information is available from Statistics NZ's [earthquake-related building consents in Canterbury](#).

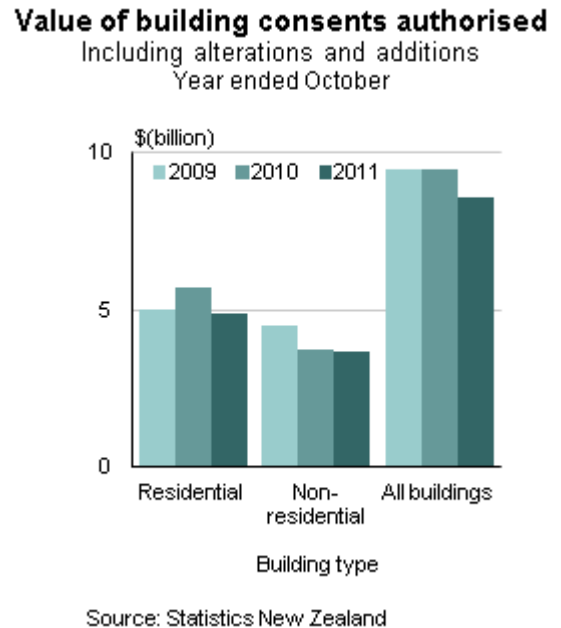
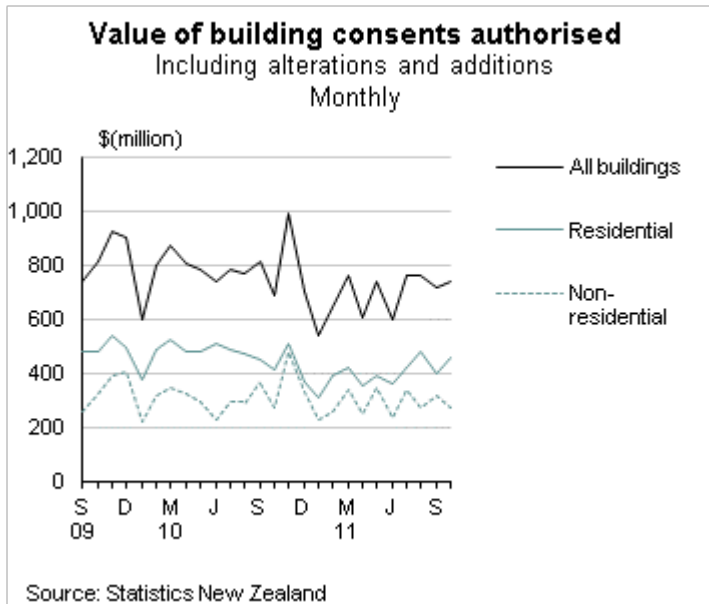
Since 4 September 2010, about 735 earthquake-related consents have been identified, totalling \$183 million. This includes 207 new dwellings, of which 145 were relocatable units.

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: September 2011 quarter* will be published on 5 December 2011.

## All buildings value up for October month, down for October year

In the October 2011 month, the value of consents issued for all buildings (residential and non-residential combined) was \$736 million, up 7.1 percent compared with October 2010.



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

- all buildings **decreased** \$922 million (10 percent) to \$8,558 million
- residential buildings **decreased** \$860 million (15 percent) to \$4,864 million
- non-residential buildings **decreased** \$62 million (1.6 percent) to \$3,694 million.

For more detailed data, see the Excel tables in the 'Downloads' box.

## 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: November 2011* will be released on 10 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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## Tables

The following tables are included with this release. They are available in Excel format from the 'Downloads' box of *Building Consents Issued: October 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 – 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 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**