

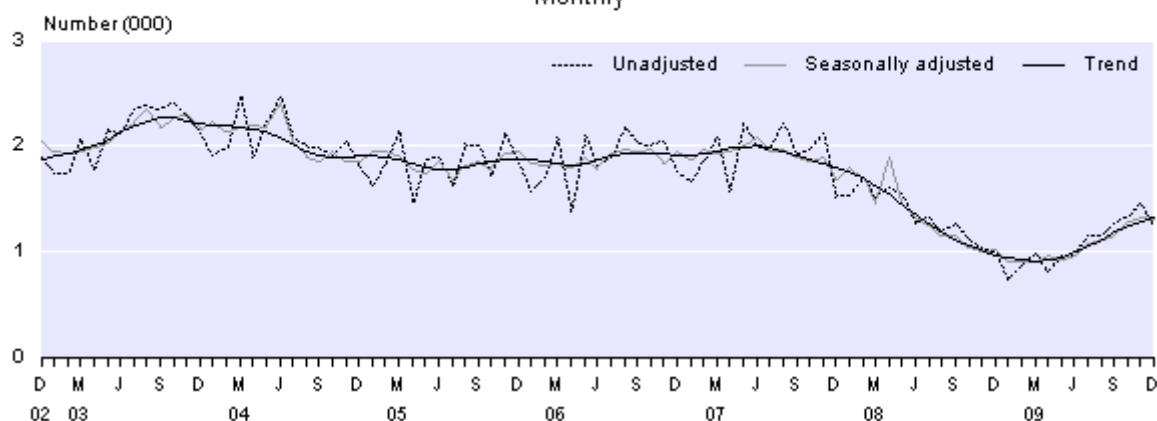
Embargoed until 10:45am – 29 January 2010

## Building Consents Issued: December 2009

### Highlights

- The trend for the number of new dwellings authorised, excluding apartments, has increased 45 percent since March 2009.
- The seasonally adjusted number of new dwellings authorised, excluding apartments, fell 1.4 percent.
- Consents for 1,260 new dwellings were authorised, excluding apartments.
- Consents for 93 new apartment units were authorised.
- The value of non-residential building consents increased 5.6 percent.

**New Dwellings Authorised**  
*Excluding apartment units*  
Monthly



Geoff Bascand  
Government Statistician

29 January 2010  
ISSN 1178-0231

# Commentary

## Residential buildings

### Monthly

In December 2009, consents were issued for:

- 1,353 new dwelling units, including apartments
- 1,260 new dwelling units, excluding apartments
- 93 new apartment units (64 were assisted-living apartments associated with a retirement village).

Excluding apartments, the seasonally adjusted number of new dwellings authorised in December 2009 fell 1.4 percent, after rising 2.8 percent in November 2009. The trend has been increasing since March 2009 (up 45 percent), following a series of falls that began in July 2007.

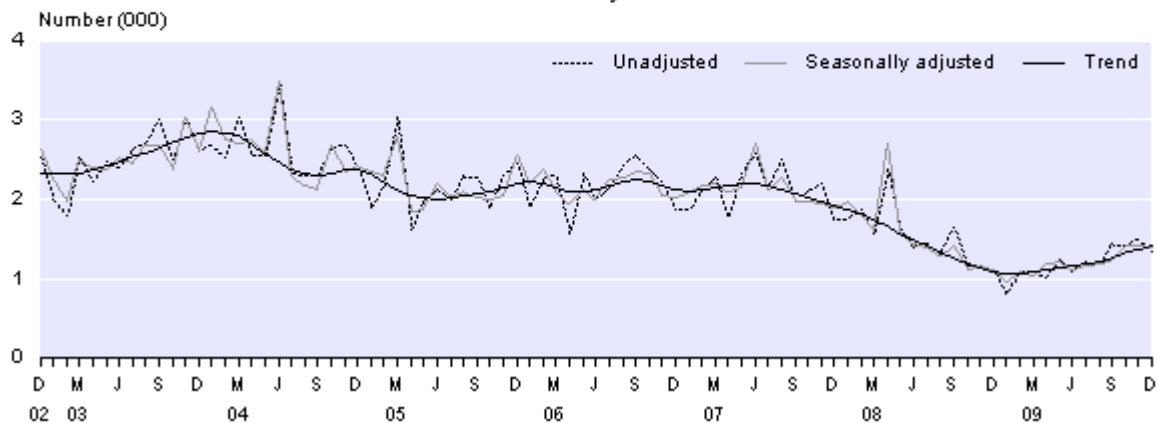
Including apartments, the seasonally adjusted number of new dwellings authorised in December 2009 fell 2.4 percent, after rising just 0.1 percent in November 2009. The trend has been increasing since the low in January 2009 (up 34 percent), following a series of falls that began in June 2007.

Apartments contributed 6.9 percent to the number of new dwellings in December 2009, compared with a monthly average of 11 percent for the previous 12 months. Apartment numbers can vary considerably from month to month.

### New Dwellings Authorised

*Including apartment units*

Monthly



The value of residential building consents was \$494 million in December 2009, 12 percent higher than in December 2008. The trend has increased since April 2009 (up 29 percent), following falls that began in July 2007.

## **Quarterly**

In the December 2009 quarter the seasonally adjusted number of new dwellings authorised (excluding apartments) rose 18 percent. This follows a rise of 16 percent in the September 2009 quarter. Including apartments, the seasonally adjusted number of new dwellings authorised rose 21 percent in the December 2009 quarter, following a rise of 8.8 percent in the September 2009 quarter.

The value of residential building consents was \$1,512 million in the December 2009 quarter. The trend has been increasing for the last two quarters, up 26 percent.

## **Annual**

For the December 2009 year compared with the December 2008 year:

- new dwellings, including apartments, fell 22 percent to 14,425 units, the lowest annual total for a December year since the series began in 1966
- new dwellings, excluding apartments, fell 20 percent to 12,976 units
- apartments fell 37 percent to 1,449.

The value of residential building consents was \$5,118 million in the December 2009 year, 18 percent lower than the December 2008 year. This is the lowest annual total since the December 2001 year.

## Regional residential results

More new dwelling units were authorised in 11 of New Zealand's 16 regions in December 2009 compared with December 2008. Numbers rose by 219 units (32 percent) in the North Island and by 7 units (1.6 percent) in the South Island.

The regions with the largest increases were:

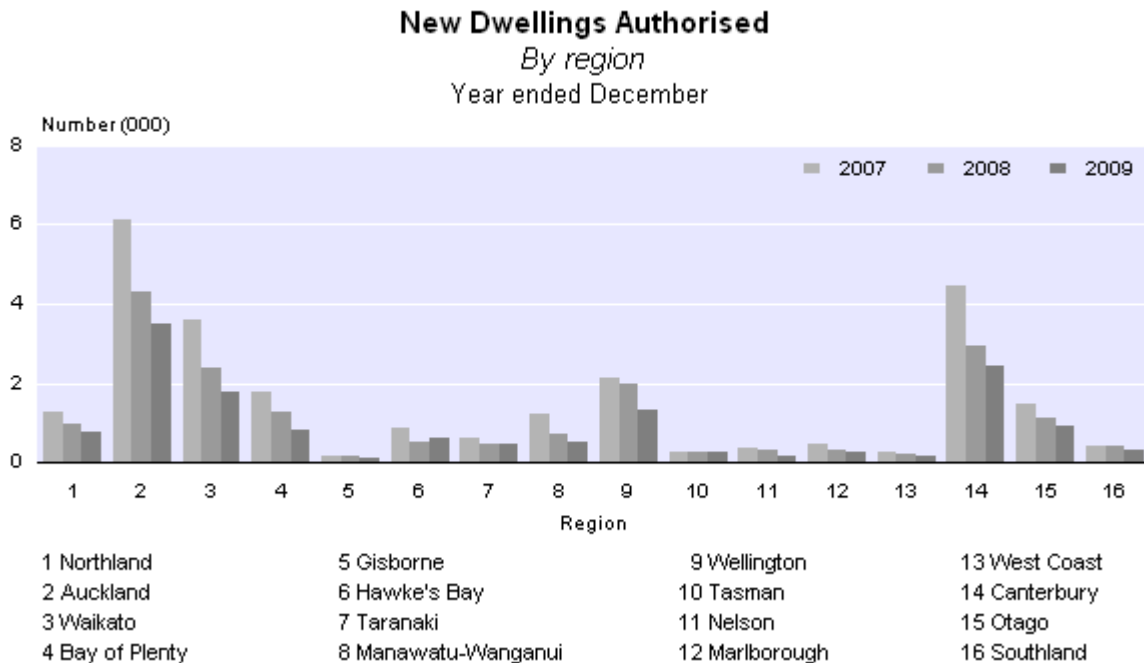
- Auckland, up 80 units to 313
- Wellington, up 75 units to 152
- Canterbury, up 45 units to 236

The Bay of Plenty region had the largest decrease, down 41 units to 52 in December 2009.

For the year ended December 2009, 14 of New Zealand's 16 regions had fewer dwelling units authorised compared with the previous year. The regions with the largest decreases were:

- Auckland, down 833 units (19 percent) to 3,475
- Wellington, down 683 units (34 percent) to 1,314
- Waikato, down 615 units (26 percent) to 1,764.

The regions with increases were Hawke's Bay (up 69 units to 605) and Taranaki (up 20 units to 489).



## Non-residential buildings

### Monthly

The value of non-residential building consents was \$404 million in December 2009, a 5.6 percent increase compared with December 2008. Seven of the 11 building types recorded decreases in the value of consents compared with December 2008.

The largest decreases were:

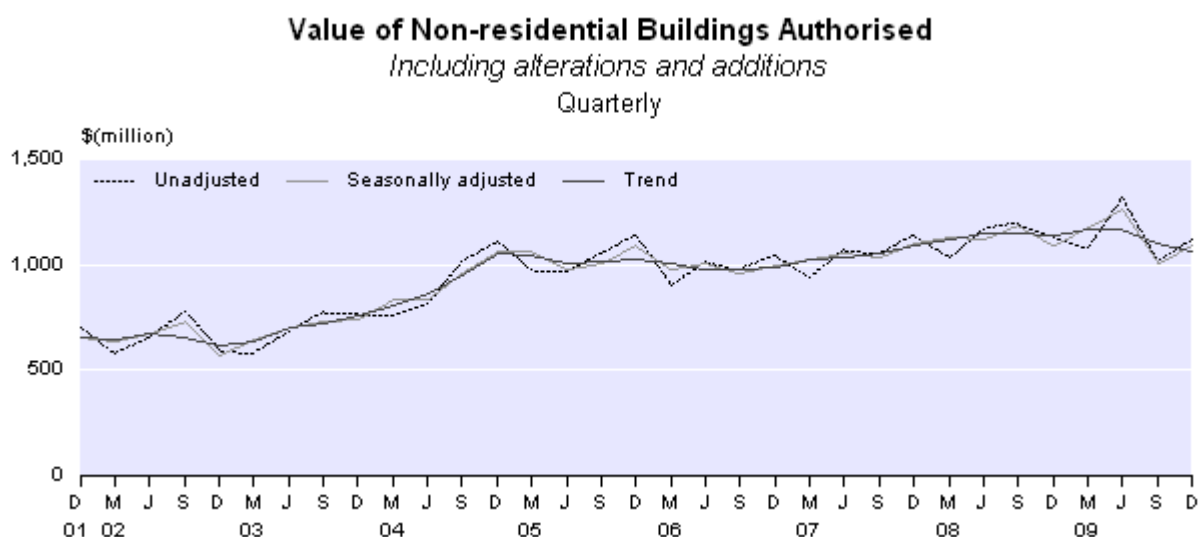
- factories and industrial buildings, down \$33 million
- offices and administration buildings, down \$30 million.

The largest increases were:

- hospitals and nursing homes, up \$63 million
- social, cultural, and religious buildings, up \$33 million
- education buildings, up \$33 million.

### Quarterly

The seasonally adjusted value of non-residential building consents increased 7.9 percent in the December 2009 quarter, following a fall of 20 percent in the previous quarter. The trend for the value of non-residential buildings consents has fallen for the last two quarters, down 9.1 percent.



### Annual

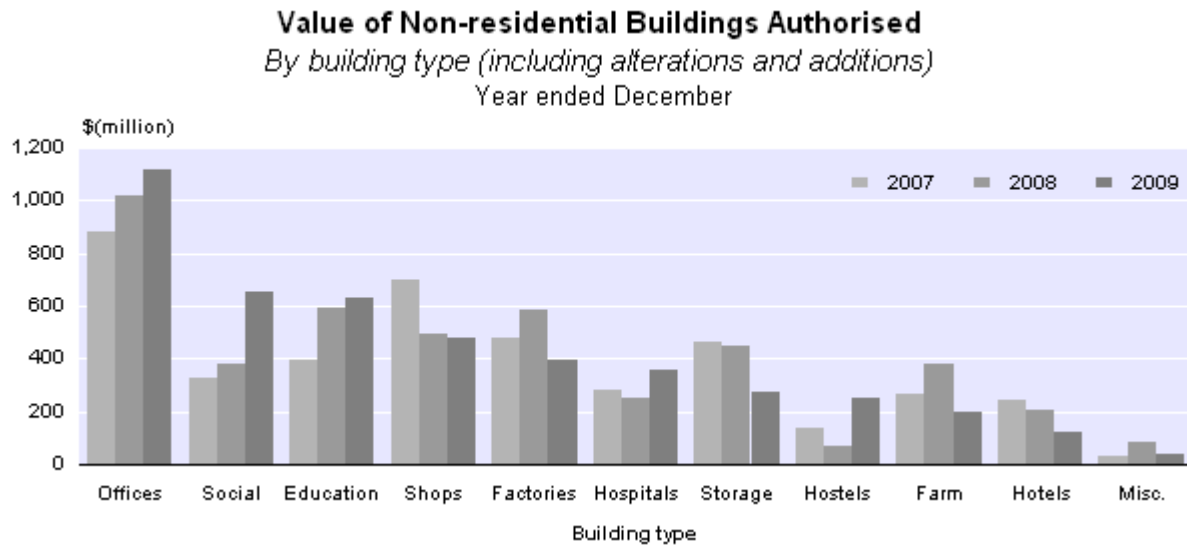
For the year ended December 2009, the value of non-residential building consents was \$4,526 million, a 0.2 percent increase compared with the December 2008 year. Six of the 11 building types recorded decreases in the value of consents compared with the December 2008 year.

The largest decreases were:

- factories and industrial buildings, down \$187 million
- farm buildings, down \$186 million
- storage buildings, down \$172 million.

The largest increases were:

- social, cultural, and religious buildings, up \$273 million
- hostels and boarding houses, up \$186 million
- hospitals and nursing homes, up \$105 million.



The three largest contributors to the value of non-residential building consents authorised for the December 2009 year were:

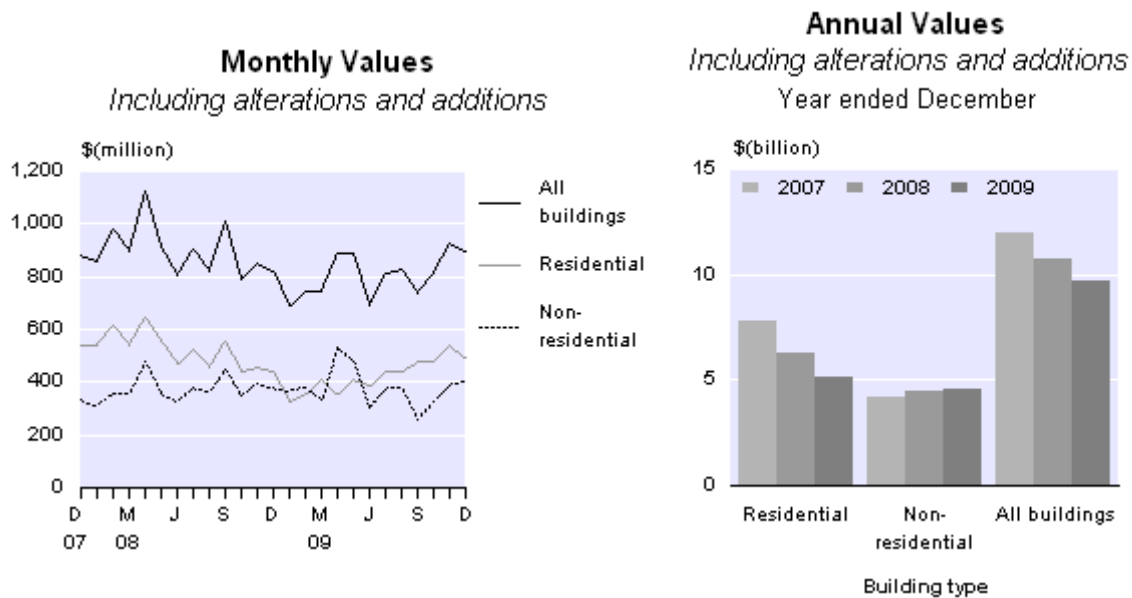
- offices and administration buildings, at 25 percent
- social, cultural, and religious buildings, at 14 percent
- education buildings, at 14 percent.

## Non-residential trend series

A quarterly trend series for the value of non-residential buildings is now available. This series is estimated without the removal of large value consents. The monthly trend series is estimated after the removal of consents valued at \$25 million or more, however Statistics New Zealand is reviewing this practice. The monthly series is available on request.

## All buildings

In December 2009, the value of consents issued for all buildings was \$898 million, a 9.2 percent increase compared with December 2008.



For the year ended December 2009 compared with the year ended December 2008, the total value of consents issued for:

- all buildings was \$9,644 million, down \$1,111 million (10 percent)
- residential buildings was \$5,118 million, down \$1,118 million (18 percent)
- non-residential buildings was \$4,526 million, up \$7 million (0.2 percent).

For technical information contact:  
Clara Eatherley or Bill Humphrey  
Christchurch 03 964 8700  
**Email:** [info@stats.govt.nz](mailto:info@stats.govt.nz)

### Next release ...

*Building Consents Issued: January 2010* will be released on 26 February 2010.

## **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.

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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 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 – December
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, unadjusted and trend values