

Commentary

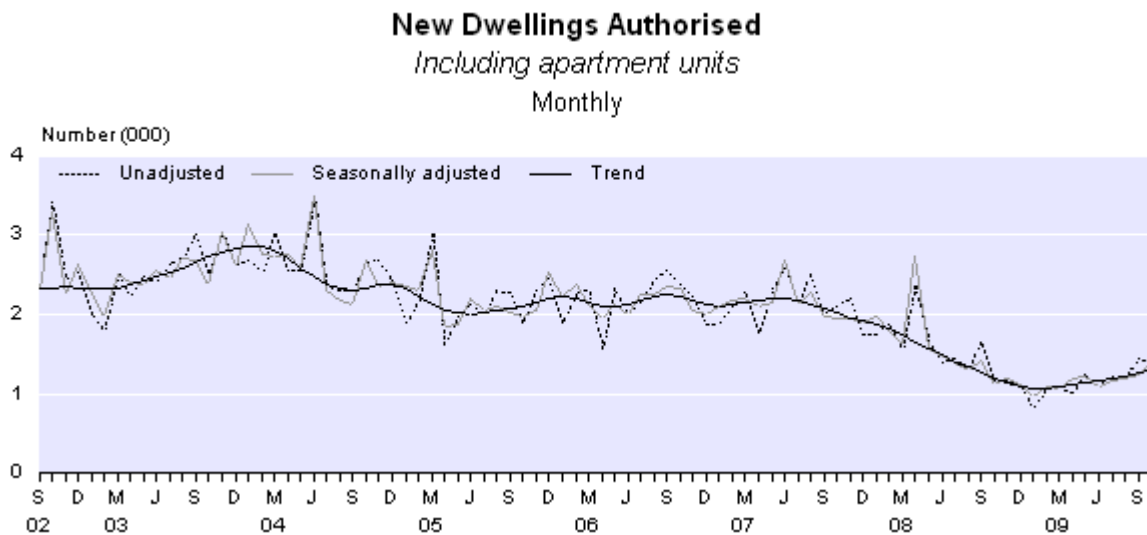
Residential buildings

In October 2009, consents were issued for:

- 1,424 new dwelling units, including apartments
- 1,321 new dwelling units, excluding apartments
- 103 new apartment units (75 were assisted-living apartments associated with retirement villages).

Excluding apartments, the seasonally adjusted number of new dwellings authorised in October 2009 rose 11 percent, after rising 3.5 percent in September 2009. The trend for the number of new dwellings authorised (excluding apartments) has been increasing since March 2009 (up 34 percent), following a series of falls that began in July 2007.

Including apartments, the seasonally adjusted number of new dwellings authorised in October 2009 rose 12 percent, after rising 5.5 percent in September 2009. The trend for the number of new dwellings authorised (including apartments) has increased since the low in January 2009 (up 21 percent), following a series of falls that began in June 2007.



The value of residential building consents was \$481 million in October 2009, 9.5 percent higher than in October 2008. The trend for the value of residential building consents has increased since April 2009 (up 18 percent), following falls that began in July 2007.

Regional residential results

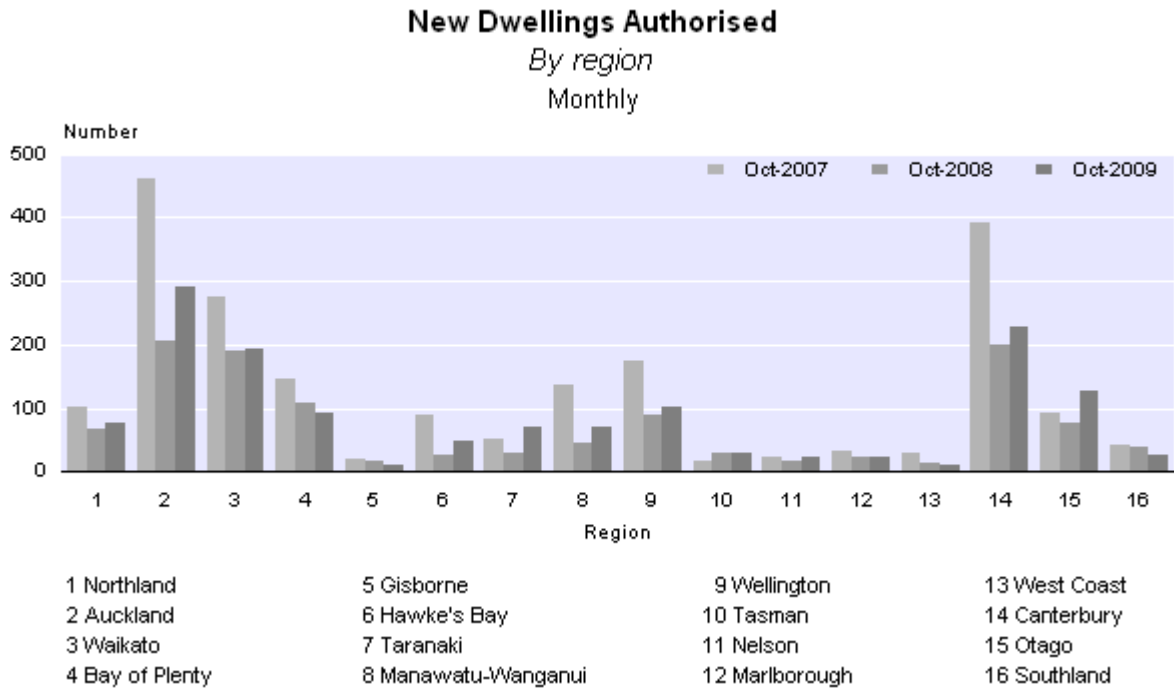
More new dwelling units were authorised in 12 of New Zealand's 16 regions in October 2009 compared with October 2008. Numbers rose by 181 units (23 percent) in the North Island and by 70 units (18 percent) in the South Island.

The regions with the largest increases were:

- Auckland, with 291 units (up 86)
- Otago, with 127 units (up 50, all of which are apartment units)
- Taranaki, with 69 units (up 41).

The regions with the largest decreases were:

- Bay of Plenty, with 93 units (down 14)
- Southland, with 27 units (down 12)
- Gisborne, with 11 units (down 6).



Non-residential buildings

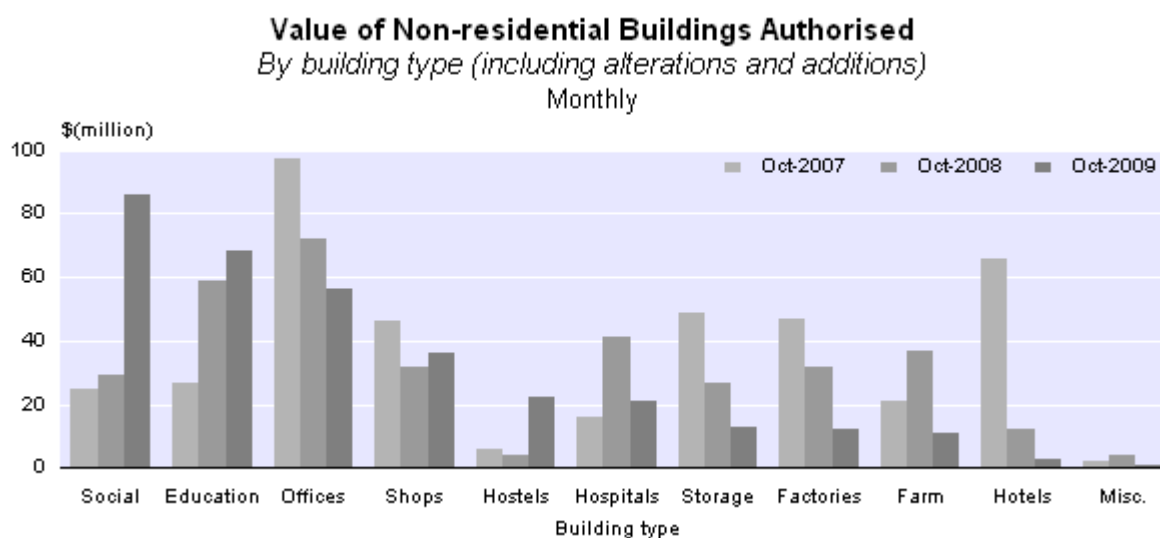
The value of non-residential building consents was \$329 million in October 2009, a 5.6 percent decrease compared with October 2008. Seven of the 11 building types recorded decreases in the value of consents compared with October 2008.

The largest decreases were:

- farm buildings, down \$26 million
- factories and industrial buildings, down \$20 million.

The largest increases were:

- social, cultural, and religious buildings, up \$57 million, mainly due to sports facilities
- hostels and boarding houses, up \$18 million.



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

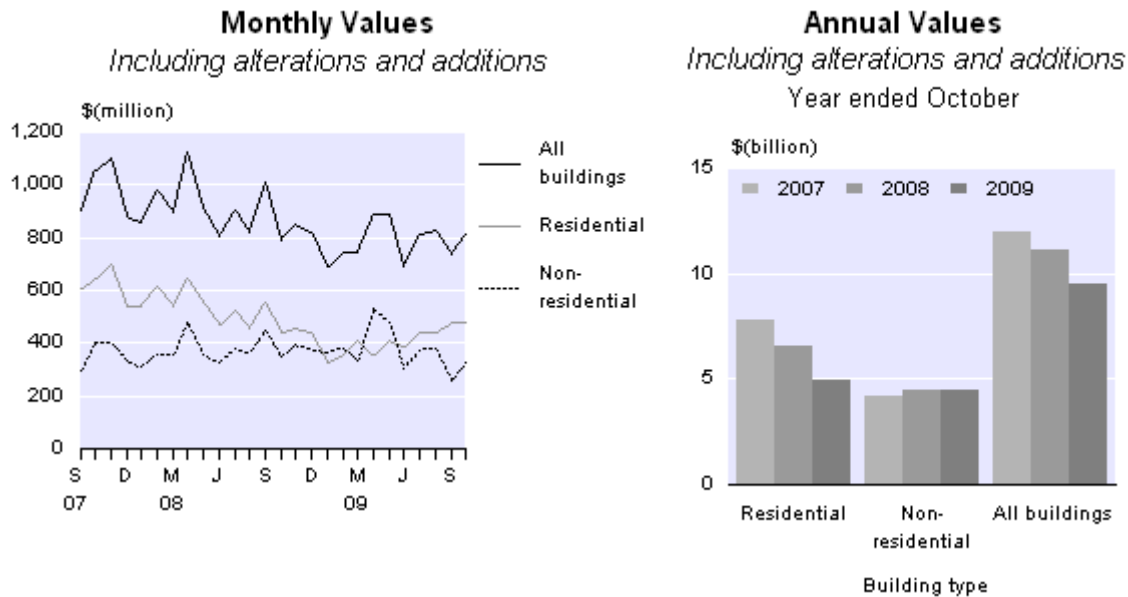
- social, cultural, and religious buildings, at 26 percent
- education buildings, at 21 percent
- offices and administration buildings, at 17 percent.

Removal of non-residential trend series

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

All buildings

In October 2009, the value of consents issued for all buildings was \$810 million, a 2.8 percent increase compared with October 2008. The value of residential building consents was 59 percent of all building consents in October 2009, compared with a monthly average of 52 percent for the previous 12 months.



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

- all buildings was \$9,494 million, down \$1,561 million (14 percent)
- residential buildings was \$4,980 million, down \$1,599 million (24 percent)
- non-residential buildings was \$4,514 million, up \$39 million (0.9 percent).

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

Next release ...

Building Consents Issued: November 2009 will be released on 14 January 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.

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