

Commentary

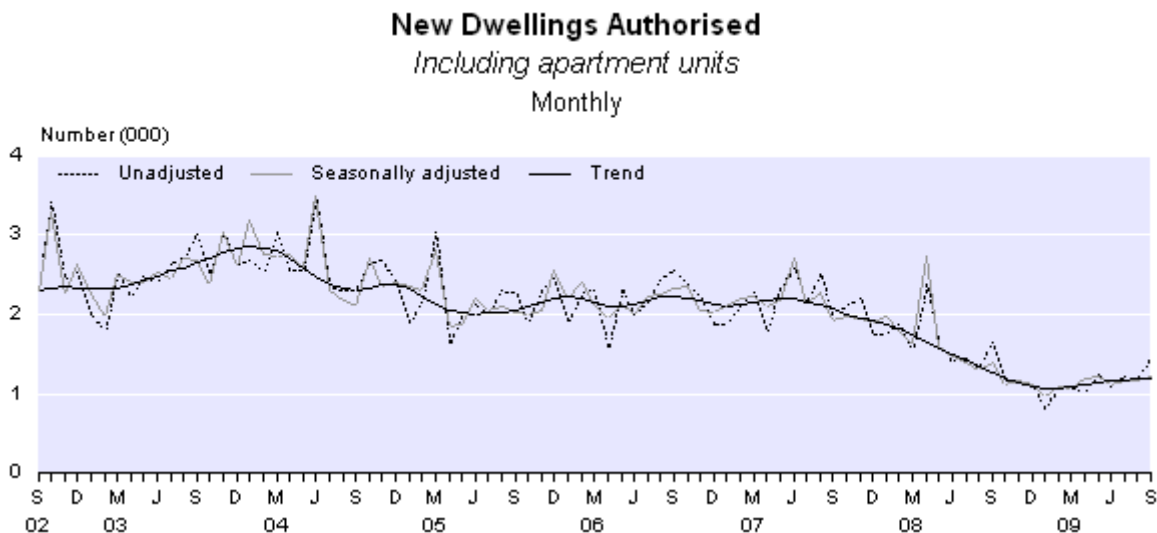
Residential buildings

In September 2009, consents were issued for:

- 1,430 new dwelling units, including apartments
- 1,275 new dwellings, excluding apartments
- 155 new apartment units (93 percent were assisted-living apartments associated with retirement villages).

Excluding apartments, the seasonally adjusted number of new dwellings authorised in September 2009 rose 2.8 percent, after rising 3.1 percent in August 2009. Although the level is still low, it is at its highest since August 2008. The trend for the number of new dwellings authorised, excluding apartments, has increased 23 percent since March 2009, following a 54 percent decrease between the recent peak in May 2007 and the low in March 2009.

Including apartments, the seasonally adjusted number of new dwellings authorised in September 2009 rose 3.3 percent, after rising 1.8 percent in August 2009. The trend for the number of new dwellings authorised, including apartments, has been increasing since January 2009, although it has eased in recent months.



For the September 2009 year, consents were issued for 13,616 new dwellings, including apartments, a 35 percent decrease from the September 2008 year.

The value of residential building consents was \$480 million in September 2009, 14 percent lower than in September 2008. The trend has been increasing since March 2009 after a series of falls that began in July 2007.

Regional residential results

Fewer new dwelling units were authorised in eight of New Zealand's 16 regions in September 2009 compared with September 2008. Numbers fell by 228 units (19 percent) in the North Island and rose by 22 units (5 percent) in the South Island.

The regions with the largest decreases were:

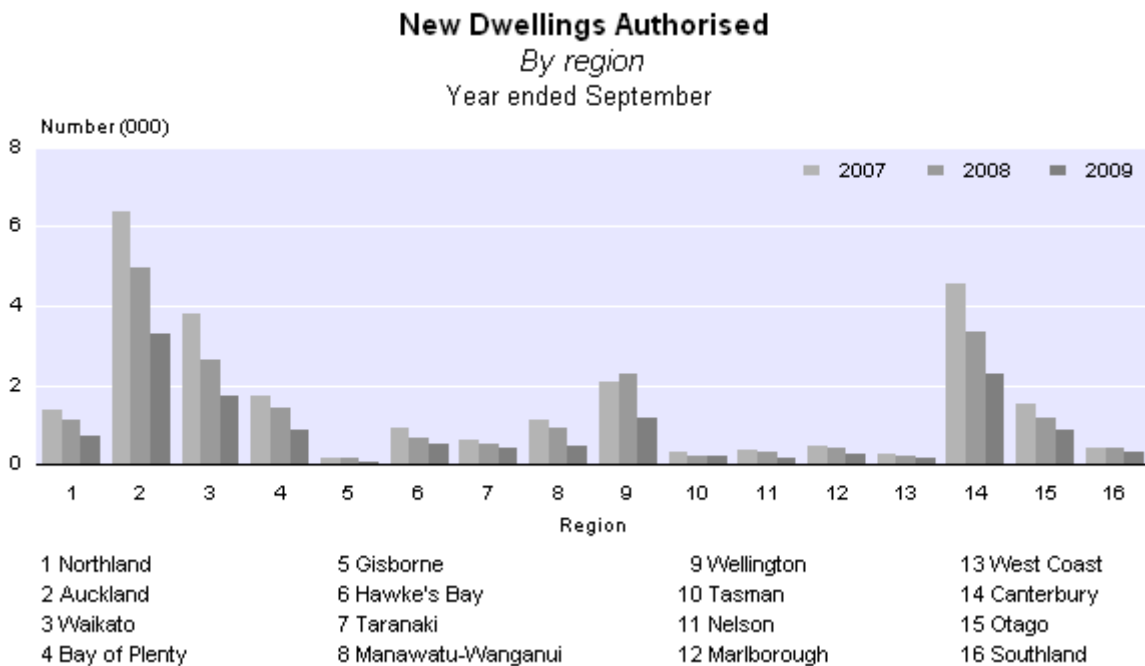
- Wellington, with 80 units (down 208)
- Northland, with 63 units (down 92)
- Bay of Plenty, with 80 units (down 80).

The Auckland region, with 427 units, had the largest increase (up 160) in September 2009. The increase was mainly due to 155 new apartment unit consents issued during the month, compared with 37 in September 2008.

For the year ended September 2009, 15 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 1,679 units (34 percent) to 3,303
- Wellington, down 1,124 units (49 percent) to 1,155
- Canterbury, down 1,073 units (32 percent) to 2,271.

Tasman was the only region to have an increase, up 3 units (1 percent) to 241 new dwelling units.



Non-residential buildings

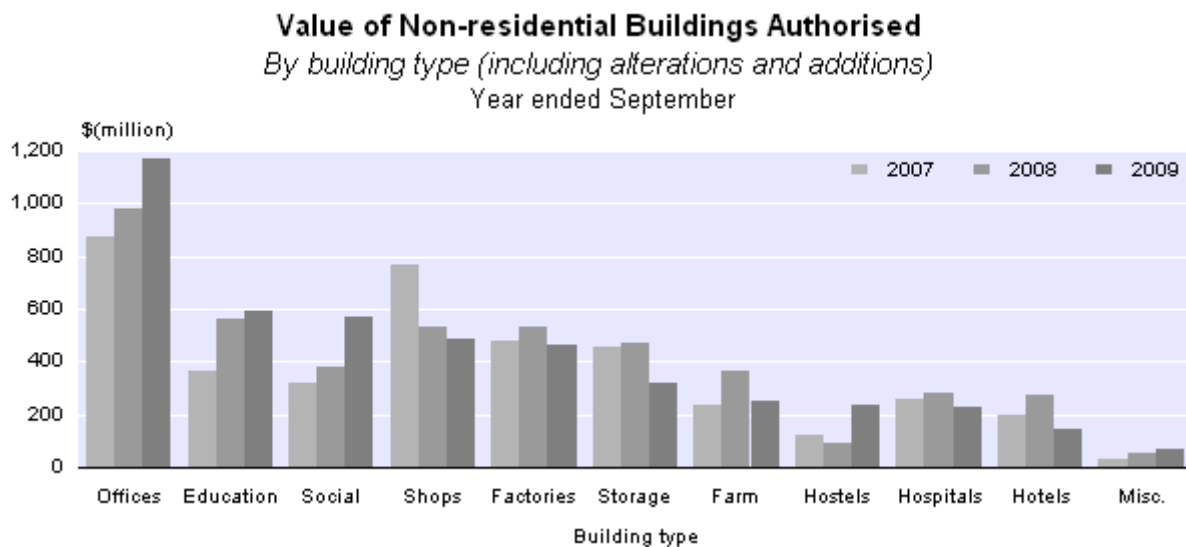
The value of non-residential building consents was \$257 million in September 2009, the lowest monthly value since January 2007.

For the September 2009 year, six of the 11 building types recorded decreases in the value of consents compared with the September 2008 year. The largest decreases were:

- storage buildings, down \$156 million
- hotels and other short-term accommodation, down \$128 million.

The largest increases were:

- social, cultural, and religious buildings, up \$190 million
- offices and administration buildings, up \$185 million.



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

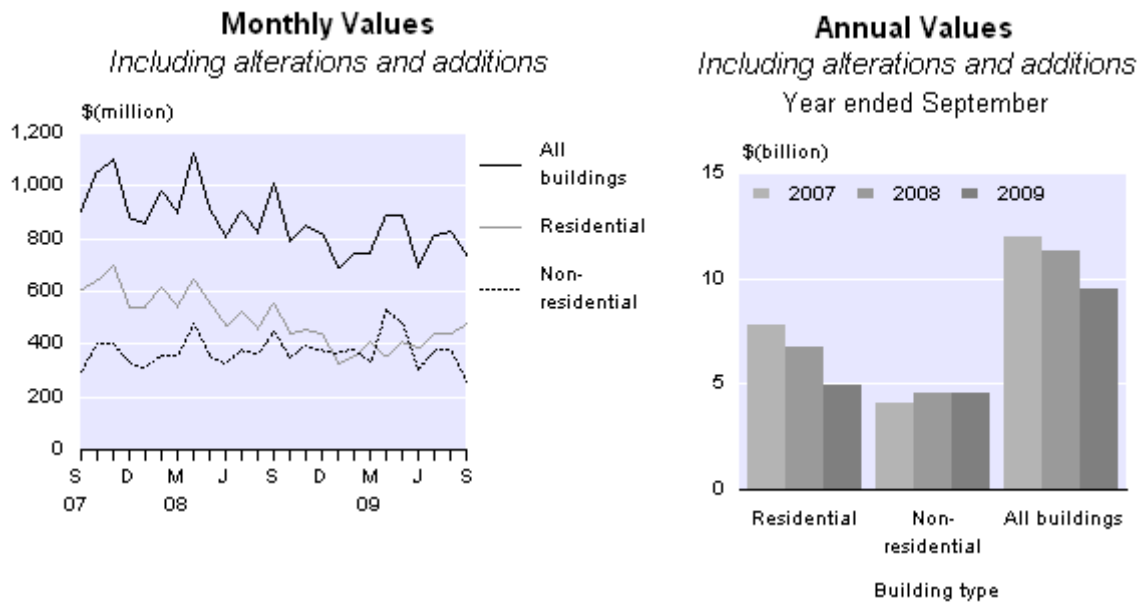
- offices and administration buildings, at 26 percent
- education buildings, at 13 percent
- social, cultural, and religious buildings, at 13 percent.

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 September 2009, the value of consents issued for all buildings was \$737 million, a 27 percent decrease compared with September 2008.



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

- all buildings was \$9,472 million, down \$1,847 million (16 percent)
- residential buildings was \$4,939 million, down \$1,849 million (27 percent)
- non-residential buildings was \$4,533 million, up \$2 million (0.1 percent).

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Next release ...

Building Consents Issued: October 2009 will be released on 30 November 2009.

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 – September
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