Hot Off The Press

Statistics New Zealand
TATAURANGA AOTEAROA

Latest statistics from Statistics New Zealand

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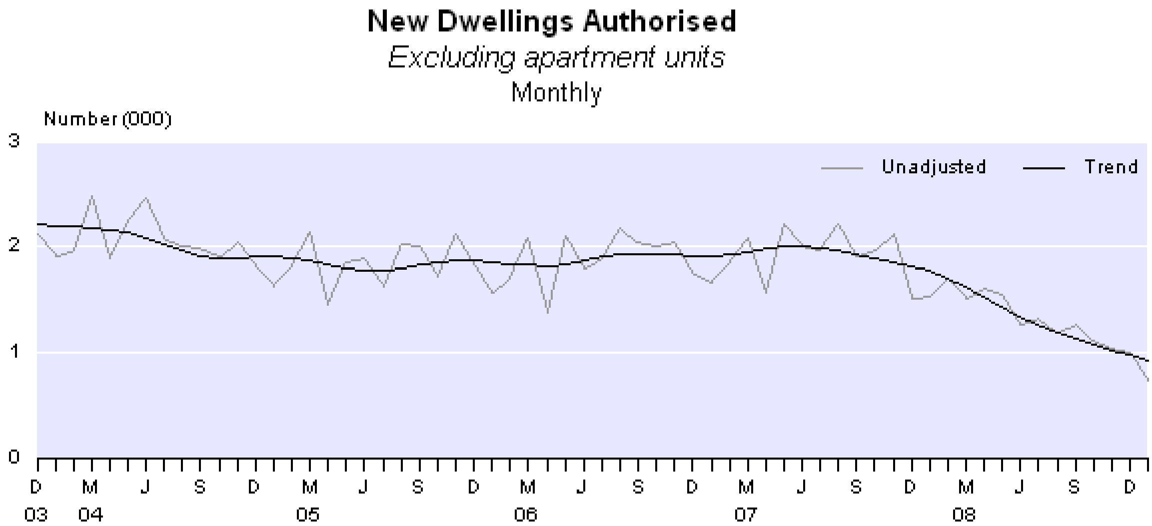
Building Consents Issued: January 2009

Highlights

- The seasonally adjusted number of authorised new dwellings, excluding apartments, fell 8.2 percent and is the lowest recorded since this series began 17 years ago.
- The trend indicates that the number of authorised new dwellings, excluding apartments, is less than half the level it was in June 2007.
- 812 new dwellings, including apartments, were authorised, the lowest recorded since this series began in April 1965.
- For the first time since June 1998, the value of consents for non-residential buildings ($362 million) exceeds the value of consents for residential buildings ($329 million).



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Government Statistician

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See also *Building Consents Issued: January 2009* – Media release.

Commentary

Residential buildings

In January 2009, consents were issued for:

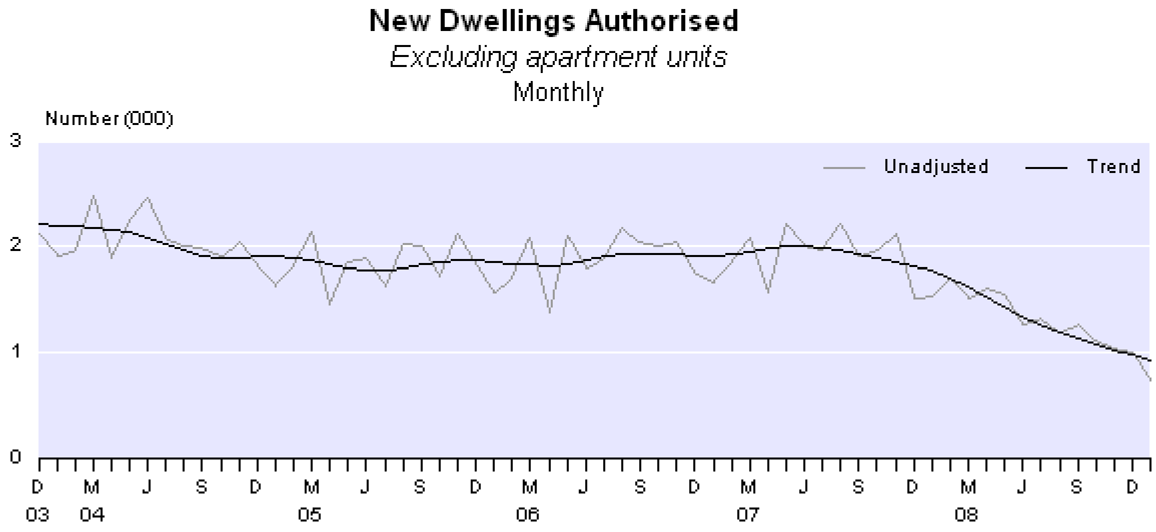
- 812 new dwelling units, including apartments, the lowest monthly total since this series began in April 1965
- 745 new dwellings, excluding apartments, the lowest monthly total since this series began 19 years ago
- 67 new apartment units.

Apartments contributed 8 percent to the number of new dwellings authorised in January 2009, compared with a monthly average of 11 percent for the previous 12 months.

The seasonally adjusted number of new dwellings authorised, excluding apartments, fell 8.2 percent in January 2009. This series has been falling in recent months and is now at its lowest level since the series began 17 years ago.

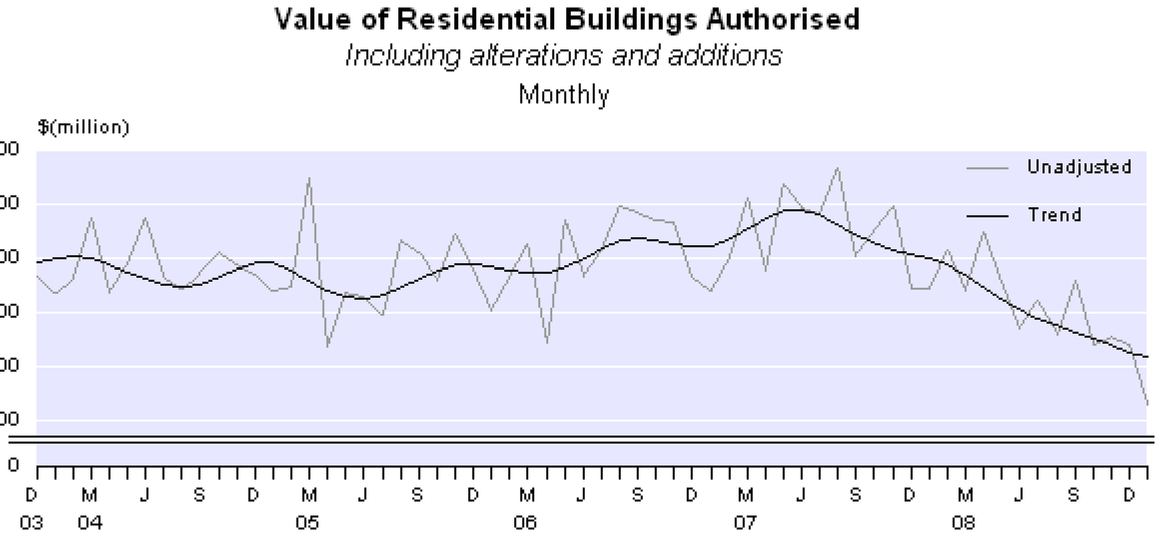
Including apartments, the seasonally adjusted number of new dwellings authorised fell 13 percent in January 2009.

Movements in the monthly series for seasonally adjusted dwelling numbers for March to June 2008 should be treated with caution. During this period, these series exhibited greater variability than usual. This was due to the high number of dwellings, particularly apartments, authorised in April 2008, and the impact of Easter being in March instead of April.



The trend series for the number of authorised new dwellings, both including and excluding apartments, have fallen more than 50 percent since the most recent peak in June 2007.

The value of residential building consents was $329 million in January 2009, a 39 percent decrease compared with January 2008. The trend has fallen 40 percent since the peak in June 2007.



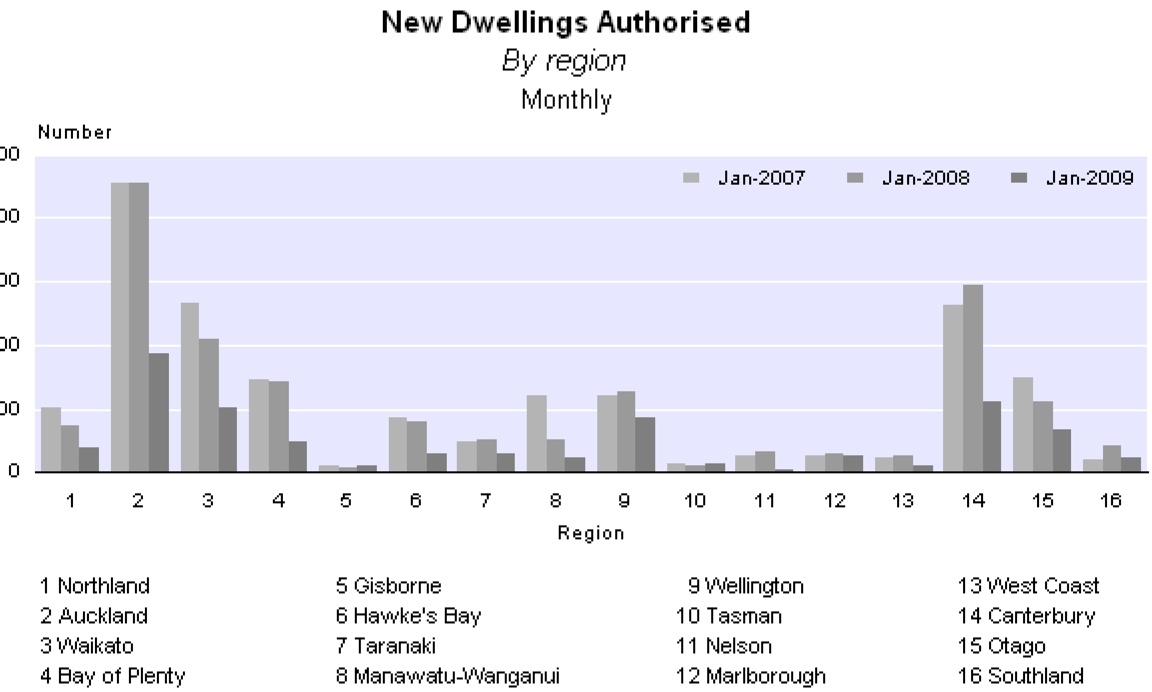
For the year ended January 2009, residential building consents valued at $6,023 million were issued, a 23 percent decrease from the January 2008 year.

Regional residential results

In 14 of New Zealand's 16 regions, fewer new dwelling units were authorised in January 2009 than in January 2008. Numbers fell by 646 units (54 percent) in the North Island, and by 285 units (52 percent) in the South Island.

The following regions had the largest decreases from January 2008, as well as recording the highest regional numbers of new dwellings authorised for January 2009:

- Auckland, down 270 units, to 186
- Canterbury, down 181 units, to 112
- Waikato, down 108 units to 102.



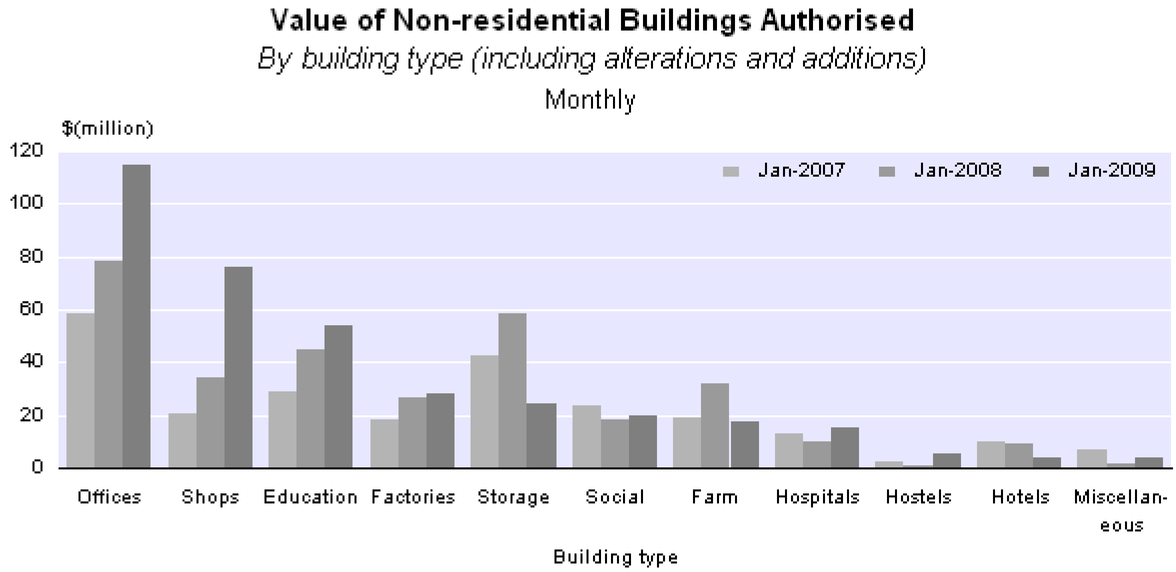
Non-residential buildings

The value of non-residential building consents was $362 million in January 2009, an increase of 15 percent compared with January 2008. Eight of the 11 building types recorded increases in the value of consents compared with January 2008.

For January 2009 compared with January 2008, the largest increases were:

- shops, restaurants and taverns, up $41 million
- offices and administration buildings, up $36 million.

These increases were partly offset by decreases for storage buildings, down $34 million, and farm buildings, down $14 million.

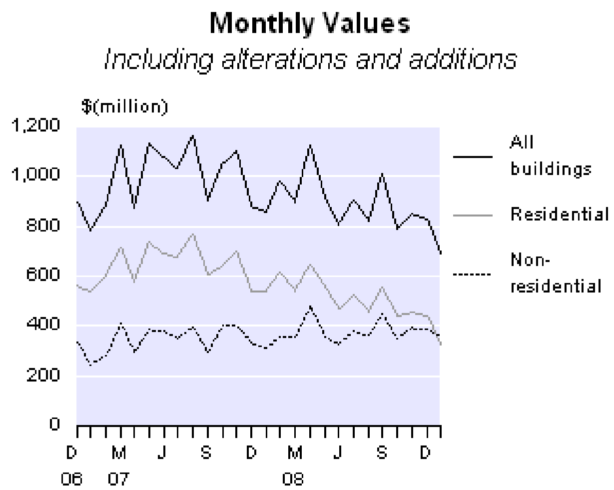


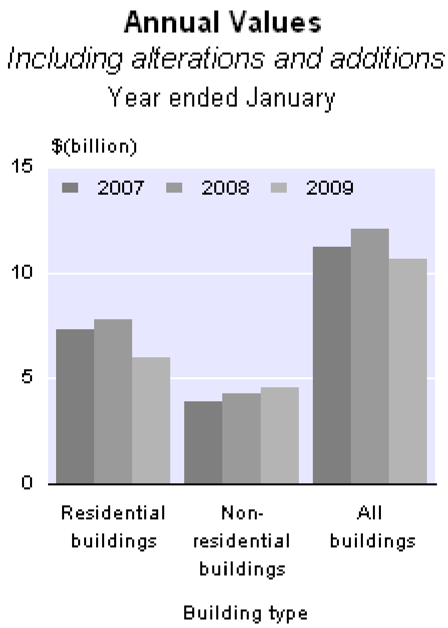
The three largest contributors to the value of consents authorised in January 2009 were offices and administration buildings, at 32 percent, followed by shops, restaurants and taverns at 21 percent, and education buildings at 15 percent.

All buildings

In January 2009, the value of consents issued for all buildings was $692 million, a decrease of 19 percent compared with January 2008.

Residential buildings contributed 48 percent to the total value of all buildings in January 2009, while non-residential buildings contributed 52 percent. This is the first month since June 1998 that residential buildings have contributed less than non-residential buildings. For the previous 12 months, the average monthly contribution of residential buildings was 58 percent.





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

- all buildings was $10,594 million, down $1,462 million (12 percent)
- residential buildings was $6,023 million, down $1,760 million (23 percent)
- non-residential buildings was $4,571 million, up $298 million (7.0 percent).

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Next release ...

Building Consents Issued: February 2009 will be released on 30 March 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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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 – January
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