



Pacifecon
Building intelligence

Our perspective into

New Zealand's Residential and Commercial Building Sectors

Trends and Analysis

October - December 2019

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» Introduction

For New Zealand's different building sectors this report looks at:

- Work in the construction pipeline; at stages: Early Planning, In Planning & Tendering.
- Work starting.

Based on Pacifecon's extensive research we aim to inform as to the current situation & recent history of each of the sectors of residential & non-residential building. Civil/non-building construction is excluded, as is Offshore work. Graphed history is shown for both pipeline & work starting for each sector.

Comparisons are made:

- This Year quarter to Last Year quarter.
- This Year ending to Last Year ending.

Information from Statistics NZ is used to add to the picture.

Pacifecon uses the same definition of residential buildings & non-residential buildings as Statistics New Zealand.

Since 1982 Pacifecon has used a solely New Zealand team to liaise with key decision makers in the construction industry to compile thorough, timely & accurate information on building projects from the earliest planning stages.

Due to industry demand we started producing building & construction intelligence reports in 2012.

These include:

- **Market Watch** – a monthly report focussed on new information, progression of existing projects, construction starting & cancellations. This data is presented by number of projects & value, for: sectors (includes civil & non-building construction) & regions (New Zealand wide plus Offshore work across the Pacific).
- **Market Watch - Auckland** – a monthly report focussed specifically on the busy Auckland market; this Market Watch style report also separates the residential sector into single homes & multi-residential.
- **Top NZ Residential Builders** – a six monthly report, with each report covering a 12-month period, based on all building companies involved in residential projects. Builders with the highest:
 - TOTAL value of residential projects
 - TOTAL NUMBER of residential projects
 - AVERAGE value of residential projects
 - NUMBER of residential dwellings

A Residential Builders Directory is also included.

Pacifecon has provided data to the **National Construction Pipeline** report since 2013.

The Report projects building activity for the next six years, ending 31 December 2024.

The seventh edition was released in early August 2019 & is available [here](#).

Please see **Notes regarding the data** for further information & definitions.

» Building in New Zealand

The pipeline of planned building work rose by 1% in the 3 months of 2019 Q4 to \$143b.

Work starting changed by -4% on the previous quarter.

The value of work starting has stayed steady at approximately \$7b per quarter since 2018 Q1.

New Zealand had a sad & difficult year in 2019, the Whakaari/White island eruption in December & the Christchurch mosque attacks in March. Have these events affected tourism & local businesses? In the short term, Whakatāne has been affected by the eruption, but local businesses are now looking to promote other attractions. In the longer-term New Zealand is such a popular country for overseas visitors a downturn is unlikely, but a financial reversal will have been suffered in Whakatāne, unless the volcano becomes viable once more.

The New Zealand population is expected to top 5 million during 2020: putting even more pressure on housing stock & residential building. Net migration had been around 52,000 per annum, although slowing to 41,500 in the year to November 2019.

Residential building consents for 2019 look likely to exceed 37,000 nationally & 15,000 in Auckland. We expect to soon be exceeding the previous high of 40,025 (for the year ending February 1974). With booming residential construction & slowing population growth we should be mindful of the possibility of tipping into construction bust in Auckland. However, a housing shortage remains, particularly in Auckland where (along with other New Zealand cities) buying a home will be out of reach for many. In the 15th annual Demographia International Housing Affordability Study house prices were compared to incomes & found Tauranga had again out-stripped Auckland as New Zealand's least affordable city.

2020 is likely to see more social housing developments starting & some of those underway finishing. 24 KiwiBuild projects are currently underway & another 45 are planned. Social housing is also undertaken by charities such as The Salvation Army, e.g. AA4227 in Flat Bush, Auckland \$15m 44 x 1-2 bed units on a 5ha site, work started late 2019 & is expected to take 12 months.

'Build to Rent' will also increase with progress by companies such as New Ground Capital Ltd & Home NZ/Buildtech who focus on building for community living.

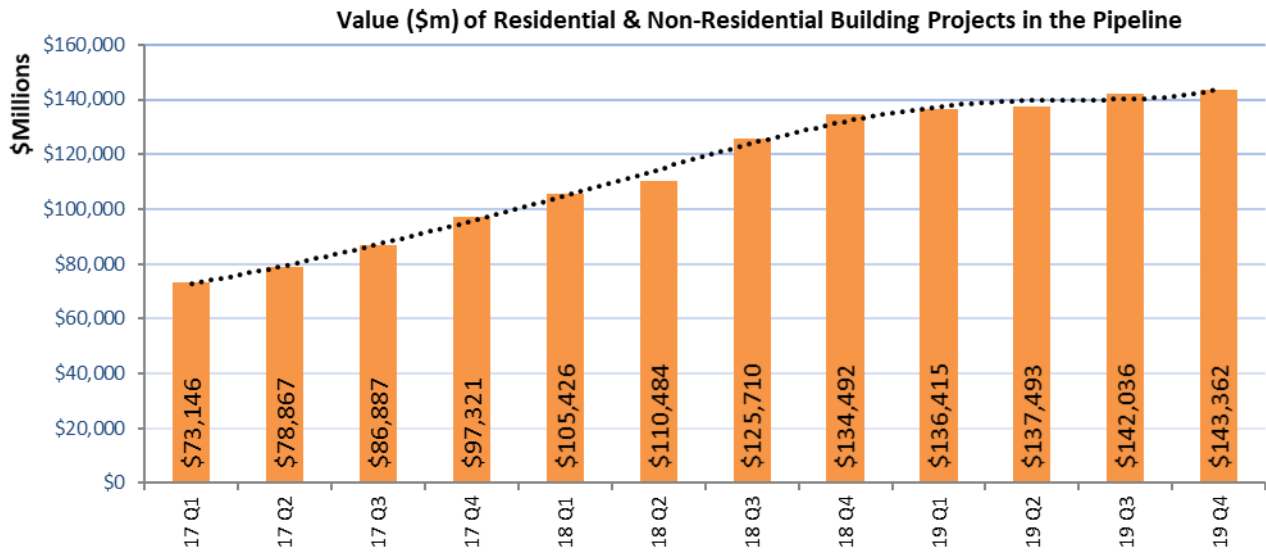
A general election is due on 19 September, typically we see developers holding off on decision-making & investments until the results are announced. In 2017 this took some time before the coalition was formed. A period of uncertainty is normal.

Recent measures of business confidence seem to be cautiously optimistic. The Government's Half-Year Economic & Fiscal Update (HYEFU) was released in December with an extra \$12b announced for infrastructure (NZ Upgrade Programme): \$5.3b will be on roads & \$1.1 on rail. \$300m will go to District Health Boards & \$4.8m to school maintenance. The building & construction sector is about to get even busier; can it meet the challenge?

For non-residential buildings the impact of the zero-carbon act will see ever greener building. Currently constructing & operating buildings makes up 20% of New Zealand's carbon emissions. The NZ Green Building Council are ambitiously aiming for all new buildings to be zero carbon by 2030 & all existing buildings by 2050.

With the liquidation of Stanley Group/Tallwood, Tower Cranes in receivership & the most recent RLB Crane Index showing a net fall of 17 cranes nationally: a reduction of 9 in Christchurch & 3 in Auckland there is reason for caution.

A lack of industrial development land will make for taller warehouses & manufacturing plants built on a smaller footprint. Uptake in online shopping is driving the demand for storage.

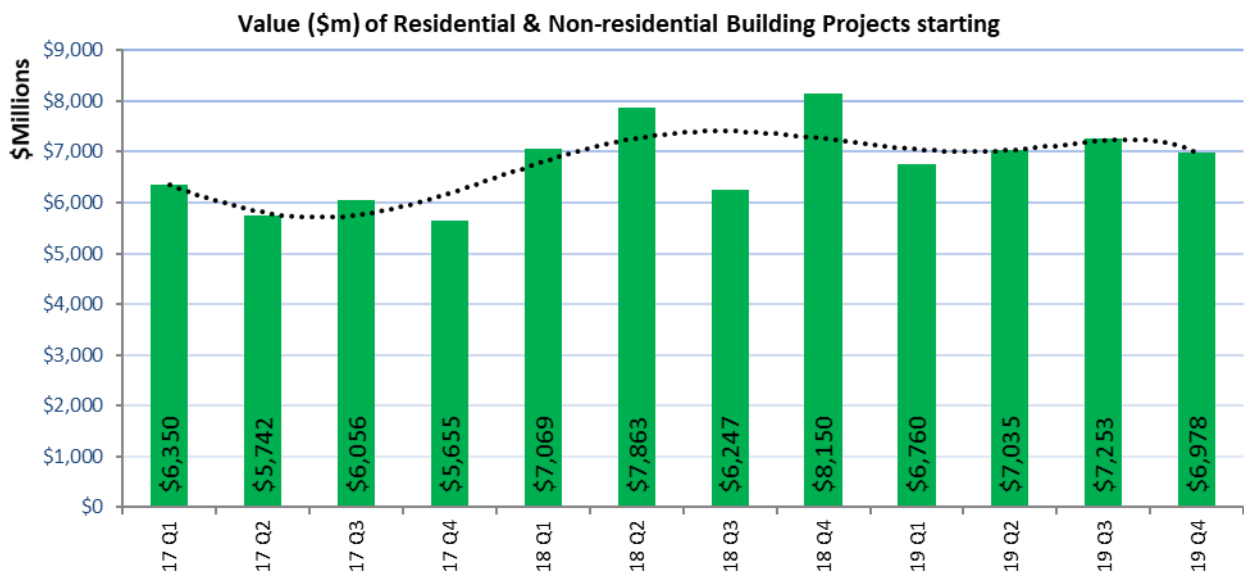


Source: Pacifecon

2019 Q4 compared to 2019 Q3 +1%

2019 Q4 compared to 2018 Q4 +7%

Two years ago: 2019 Q4 compared to 2017 Q4 +47% we saw strong pipeline growth in 2017 & 18.



Source: Pacifecon

2019 Q4 compared to 2018 Q4 -14%

Year ending 2019 Q4 compared to Year ending 2018 Q4 -4%

Two years ago: Year ending 2019 Q4 compared to Year ending 2017 Q4 +18%

Very similar work starting values each quarter through 2019: approx \$7b each quarter.

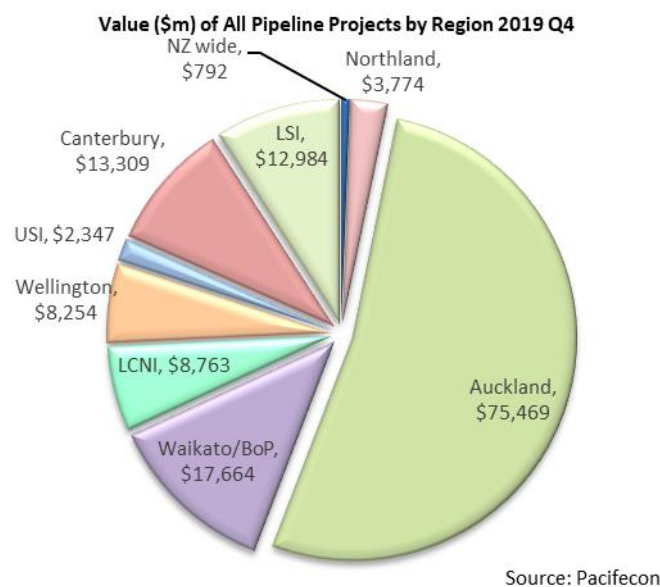
» The Regions

Pacifecon is reporting \$143b of planned building work across New Zealand as at 30 December 2019.

The chart below shows the regional breakdown at the end of December 2019.

- Wellington at 6% of all planned work.
- The Lower Central North Island at 6%.
- The Lower South Island at 9%.

All 3 regions stay at the same proportions as 2019 Q3.



» Auckland

At 53% of the value of planned building work (+1% on last quarter), Auckland will always be the region with the most planned construction.

In the last year the pipeline of national work increased by 7%, with Auckland's pipeline also increasing by 7%.

The Auckland pipeline has increased this quarter by 2%.

Nationally, work starting decreased by 4%, whilst for Auckland work starting decreased by 16%.

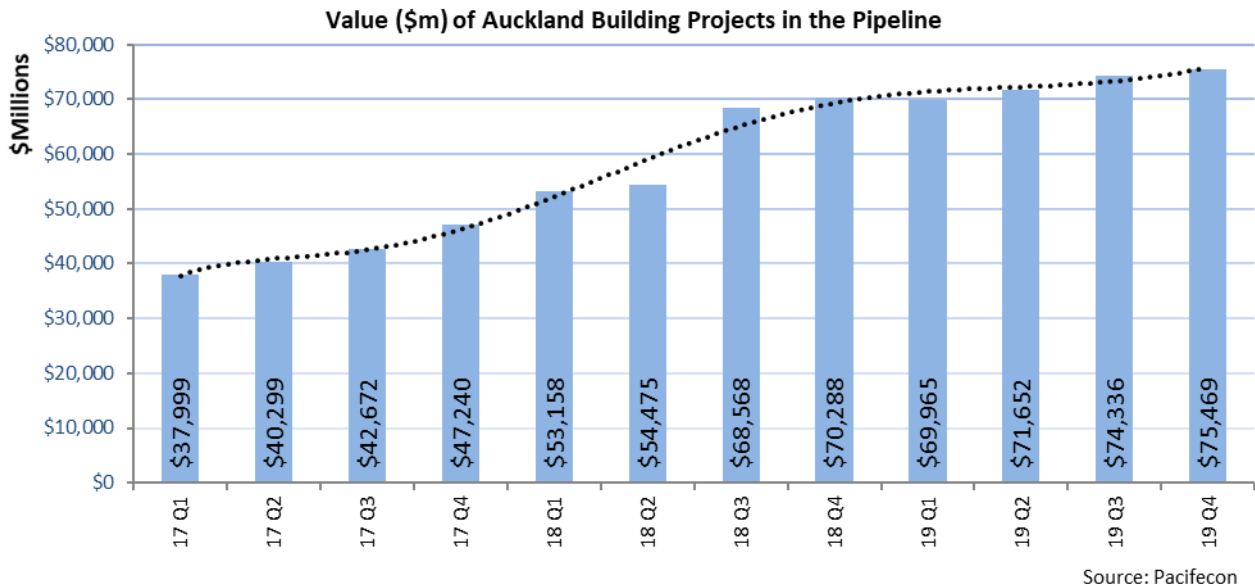
At the end of November Auckland was at 14,866 new residential consents, up on the previous year by 16%. Also, a small increase (1%) for non-residential buildings.

Residential building continues to be where the highest value work starting can be seen in 2019 Q4:

- Y0653 \$105m 210 homes on a greenfield site.
- N8171 \$100m 14-storey 108 room hotel on a brownfield site.
- V8363 \$100m apartments/hotel 3 new buildings, 63 residential apartments, 63 serviced hotel apartments & a conference centre on a brownfield site.
- X7205 \$77.5m 155 homes on a greenfield site.
- W2060 \$76m 255 homes on a greenfield site.
- AB9928 \$60m apartments: 54 x 1-bedroom & 29 x 2-bedroom in 3 x 6-storey buildings on a greenfield site.
- AD6244 \$56m 139 homes on a greenfield site. 6 Homestar rating is targeted.
- U9177 \$40m commercial development including retail/offices & live/work units. See U0253 for Overall.
- AD3269 \$40m industrial development.
- S8479 \$35m conversion of existing commercial building to a 144 room airport hotel.

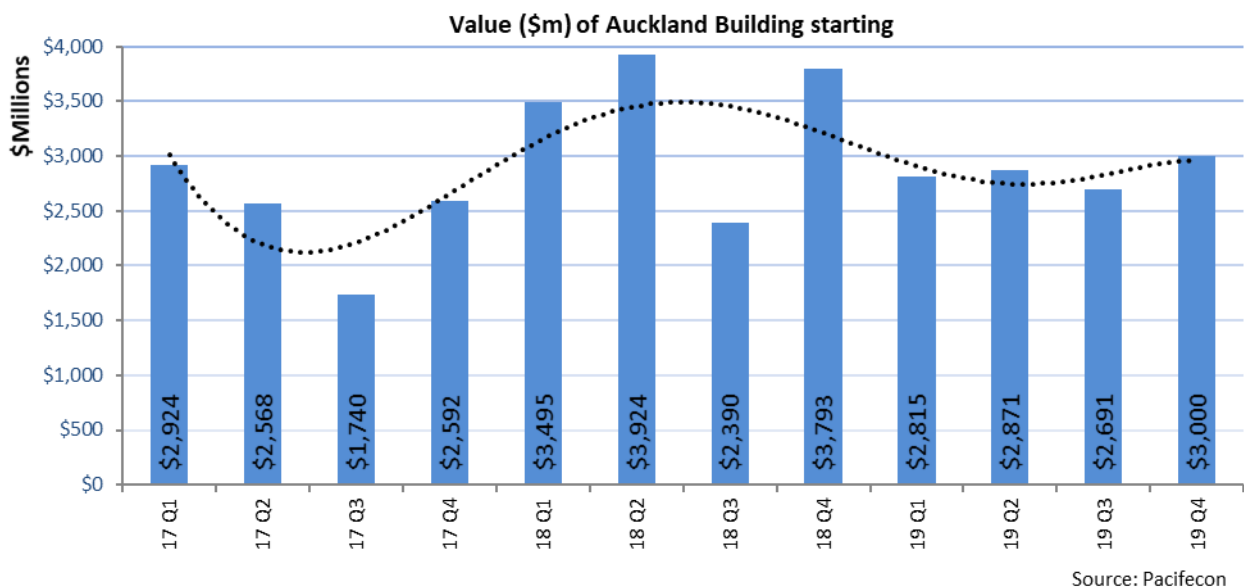
What's planned?

- X8579 \$1b Ports of Auckland move? It's likely but with more alternatives being suggested (Northport, Manukau harbour & Firth of Thames) the process of deciding where to is likely to take some time, 2024 at the earliest.
- E4184/Y4031 Commercial Bay Harbour Eats \$12m food hall should be ready by March 2020.
- Z9097 Clever Core Factory for prefabricated homes now up & running.
- D8231 \$700m NZ International Convention Centre will suffer delays due to the 22 October fire, removal of fire damaged materials is underway.



2019 Q4 compared to 2019 Q3 +2%

2019 Q4 compared to 2018 Q4 +7%



2019 Q4 compared to 2018 Q4 -21%

Year ending 2019 Q44 compared to Year ending 2018 Q4 -16%

» Waikato/Bay of Plenty

At 12% of all planned building work across the country (same as last quarter), value of both the pipeline of work & work starting has been sustained over 2018-19. 2018 Q4 was an outlier with U9224 \$750m Waikeria Prison, Te Awamutu, starting in that quarter. Expected completion of construction for the prison is early 2022. Year ending change for the pipeline of work was +5% & for work starting was -17% (affected by Waikeria Prison). Work starting values are approximately \$1b per quarter.

Waikato new residential building consents are up, at 4,176 residential consents in the year to November 2019, 13% on the previous year.

The Bay of Plenty at 2,134 new residential consents, was also up on the previous year (by 7%).

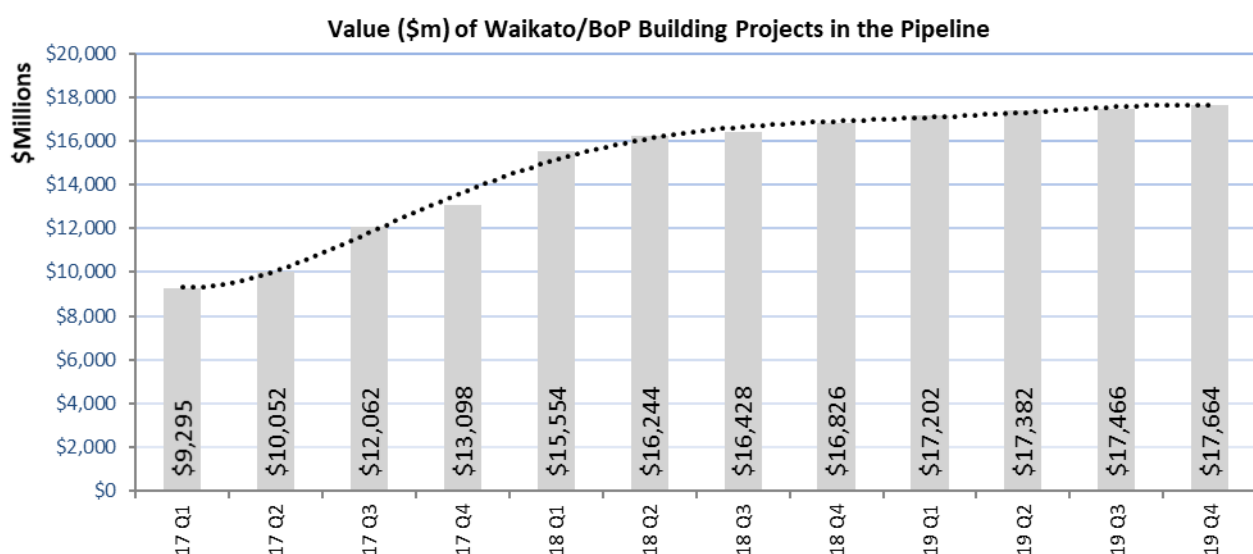
Both regions are up for number of non-residential consents, Waikato by 5% & Bay of Plenty by 10%; mainly due to an increase in commercial buildings in Waikato & education buildings in Bay of Plenty.

The highest value work starting in the 2019 Q4 quarter included:

- AA2844 \$100m Hautapu Bardowie industrial precinct, a light to medium industrial hub to be developed, will include cafe, child care facilities a wellness centre, visitor accommodation & conference facilities.
- Q8924 \$51m Rotorua Museum, earthquake strngthening & repair to heritage 1 status building.
- AD9676 \$40m Rawhiti Village, 75 x 2-bed apartments & 14 x commercial retail spaces.

What's planned?

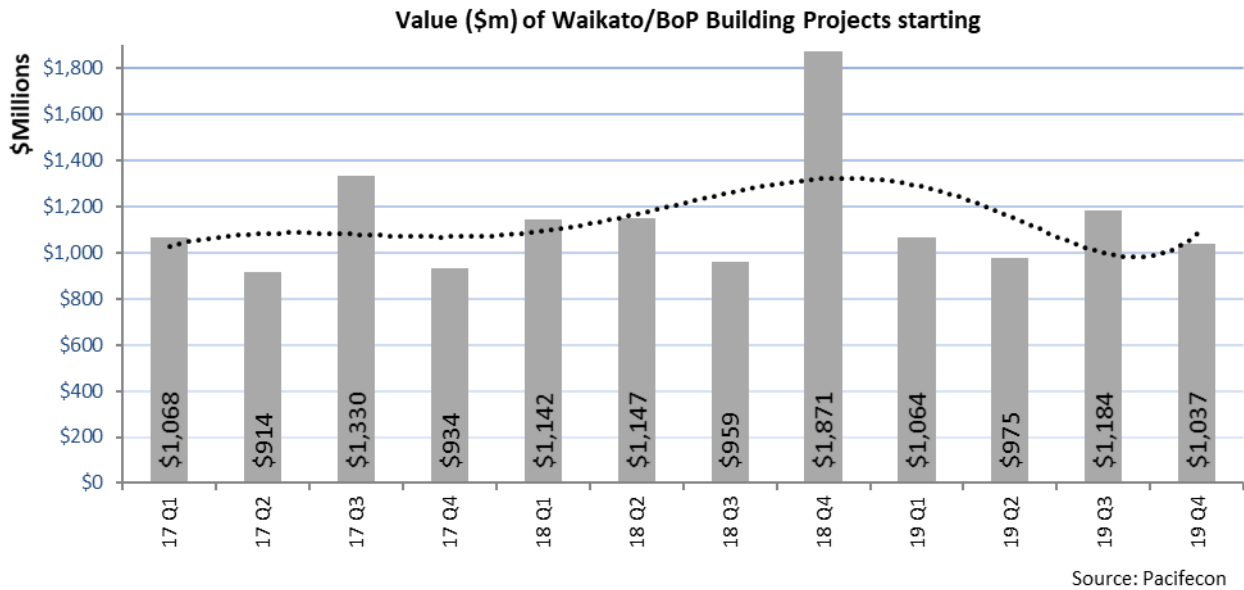
- AB2444 \$100m mental health centre at Waikato Hospital, likely start 2022, at concept design stage.
- Other health developments likely to start in 2020 include AC7650 \$50m Longridge Country Estate - aged care facility, Paeroa & AE2881 \$30m Summerset Village Papamoa - dementia care centre.
- T7389 \$90m tendering for main contractor for 'Te Pa', marae & community space at the University of Waikato.
- L6172 \$32m tenders expected soon for Otumoetai College; new build of 2 new 3-storey blocks & siteworks.
- U1877 \$74m Waikato regional theatre & hotel at developed design stage, likely start 2020.



Source: Pacifecon

2019 Q4 compared to 2019 Q3 +1%

2019 Q4 compared to 2018 Q4 +5%



2019 Q4 compared to 2018 Q4 -45%

Year ending 2019 Q4 compared to Year ending 2018 Q4 -17%

» Canterbury

Now at 9% of all planned building work across the country, -1% on the previous quarter & 3% below Waikato/Bay of Plenty.

The trend for work starting in Canterbury was strong in early 2019 but reduced in the last 6 months.

The pipeline of work continues to decrease.

The housing rebuild post 2011 quake is now complete. Some work remains for non-residential buildings. Pacifecon currently has 224 projects in Canterbury at planned stages which are still for earthquake repairs or seismic strengthening.

For example:

I2827 \$105m Christ Church Cathedral, work to stabilise the cathedral is expected to start soon & take 18 months.

I3062 \$30m hotel, demolition of existing buildings. 3-storey hotel, 127 rooms, reception, restaurant, bar, cafe & lounge, gymnasium & uncovered swimming pool.

Kaikōura has received an endorsement from the Provincial Growth Fund:

AA5710 \$9.88m to redevelop Wakatu Quay into a mixed-use commercial, retail & hospitality area; \$1.1m towards a business case for developing the harbour at South Bay.

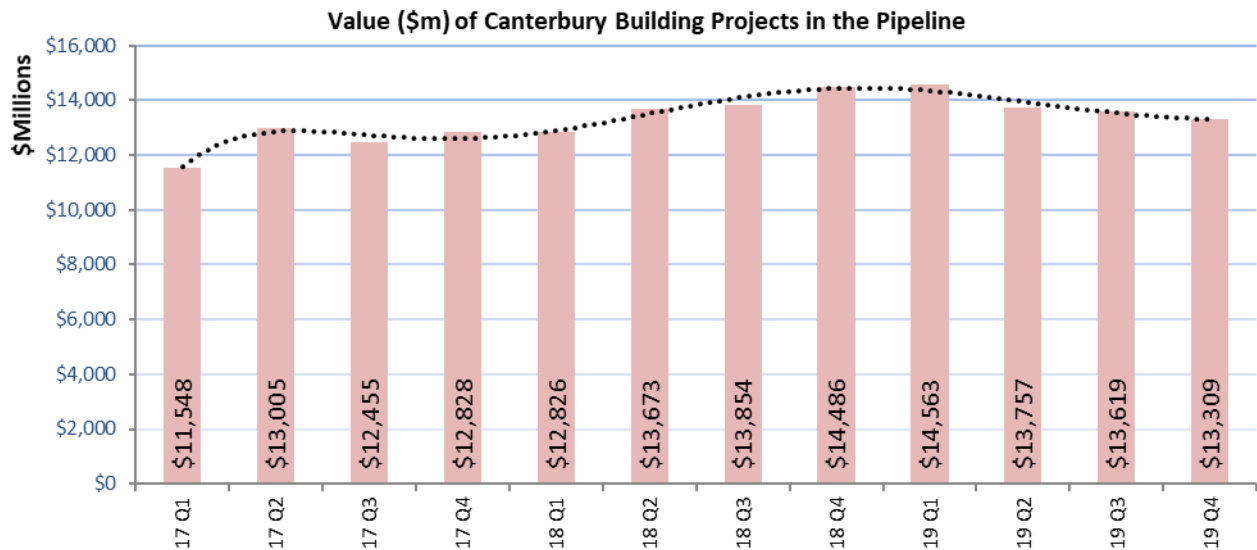
At the end of November Canterbury was at 5,310 new residential consents, up on the previous year by 14%. Also, a decrease of 12% for non-residential buildings.

The highest value work starting in the 2019 Q4 quarter included:

- R3689 \$75m apartment complex, 32 apartments & renovation of 9 townhouses on a brownfield site.
- X0824 \$20m retirement village resthome & hospital facilities on a greenfield site.
- AD3723 \$13.5m warehouse, 9542 SM on a greenfield site.
- X2194 \$13m retirement village, 41 villas.
- AD9964 \$10m dairy factory.

What's planned?

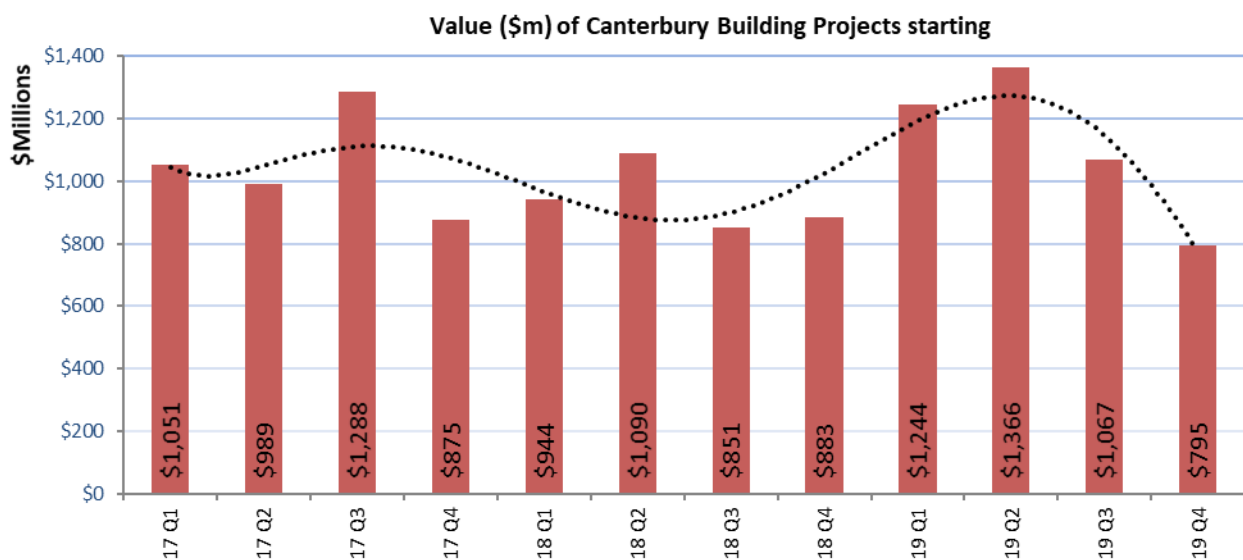
- AD3241 \$160m Banbury Park retirement village, Halswell, likely start 2021.
- G2554 The Cathedral of the Blessed Sacrament is being demolished following earthquake damage and AE1905 a new church is to be designed in 2020 for a block of land bordered by Colombo Street, Armagh Street, Manchester Street & Oxford Terrace.
- J7839 \$473m multi-use arena, this CCDU anchor project is likely to start 2022 and complete in 2024.



Source: Pacifecon

2019 Q4 compared to 2019 Q3 -2%

2019 Q4 compared to 2018 Q4 -8%, the pipeline grew slowly to a high at 2019 Q1 & has reduced ever since.



Source: Pacifecon

2019 Q4 compared to 2018 Q4 -10%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +19%

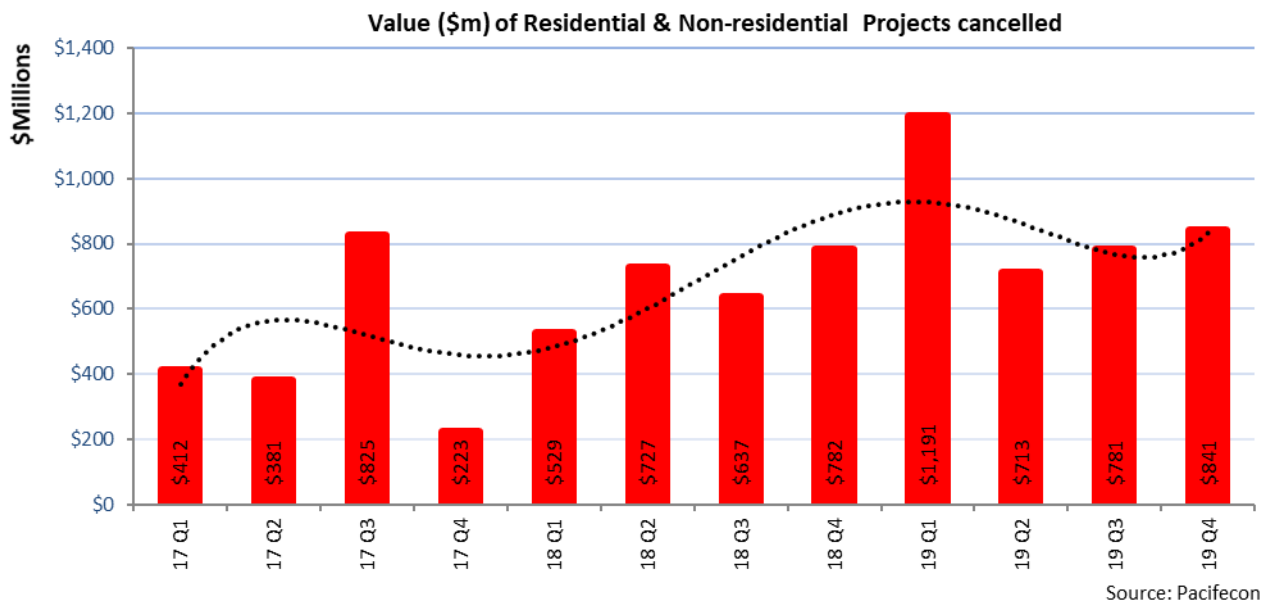
» Cancellations

The graph below shows the value of cancellations for building work over the last 3 years.

Whilst the trend in value of cancellations is growing, the proportion of cancellations to both work starting & projects in the pipeline continues to fall.

Residential projects are the most likely to be cancelled.

Individual reasons for the largest cancellations are given, if known, below.

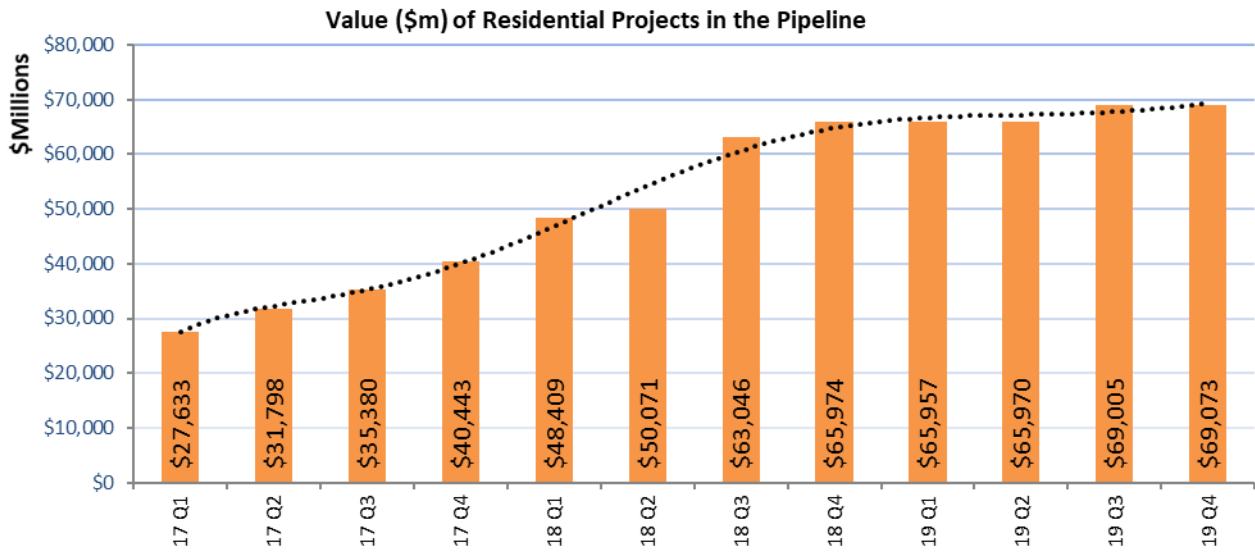


It was \$120m of residential, \$90m of multi-category (mixed-use), \$263m of commercial & \$307m of industrial cancellations this quarter.

This included:

- S3455 \$300m Alcatel-Lucent - Bluesky Moana Cable, cancelled.
- X9346 \$70m Auckland, apartment & commercial buildings, cancelled.
- U4104 \$25m Auckland, carpark & office building, funding not allocated within defence budget.

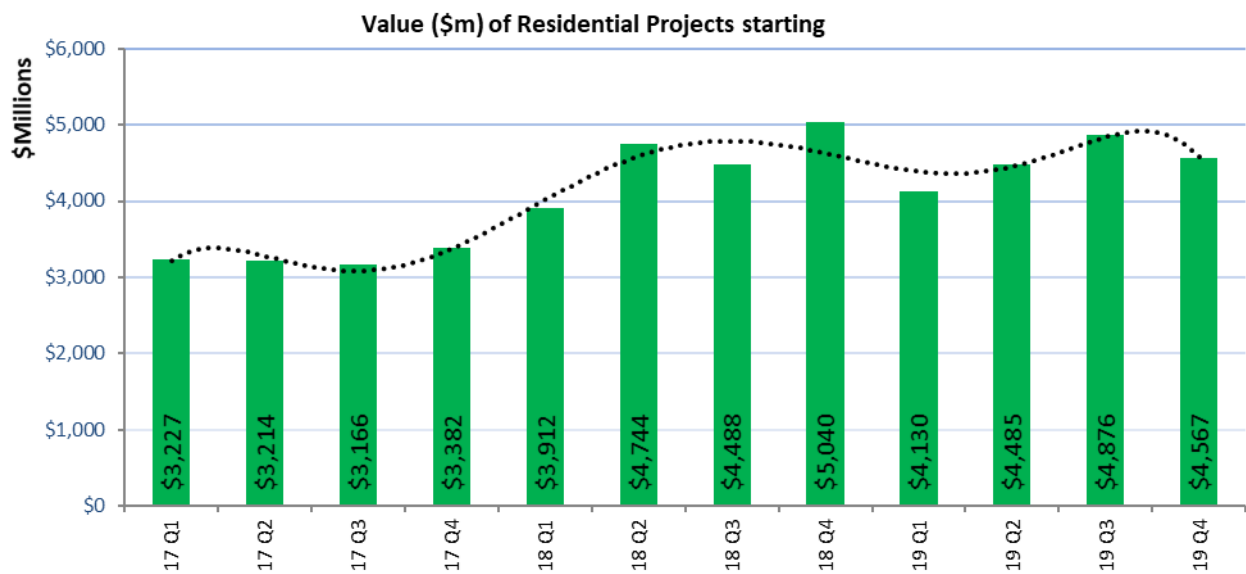
» New Zealand Residential Buildings



Source: Pacifecon

2019 Q4 compared to 2019 Q3 0%

2019 Q4 compared to 2018 Q4 +5%



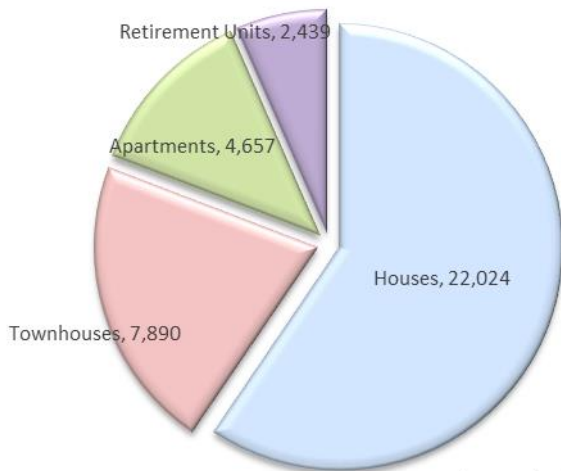
Source: Pacifecon

2019 Q4 compared to 2018 Q4 -9%

Year ending 2019 Q4 compared to Year ending 2018 Q4 -1%

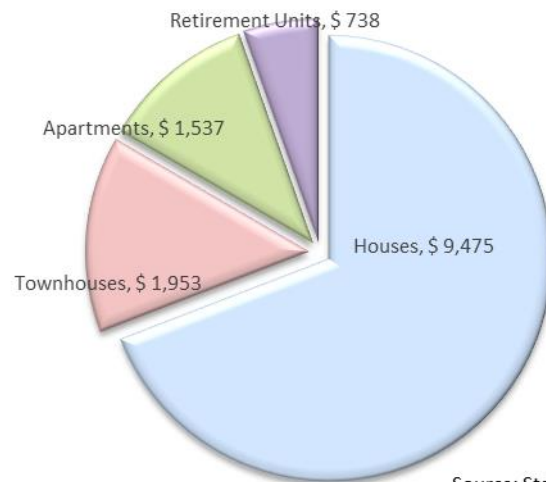
See the charts (number & value) for the different sectors of residential building consents below.

**Number of NEW NZ Residential Building Consents
Year ending Nov 19**



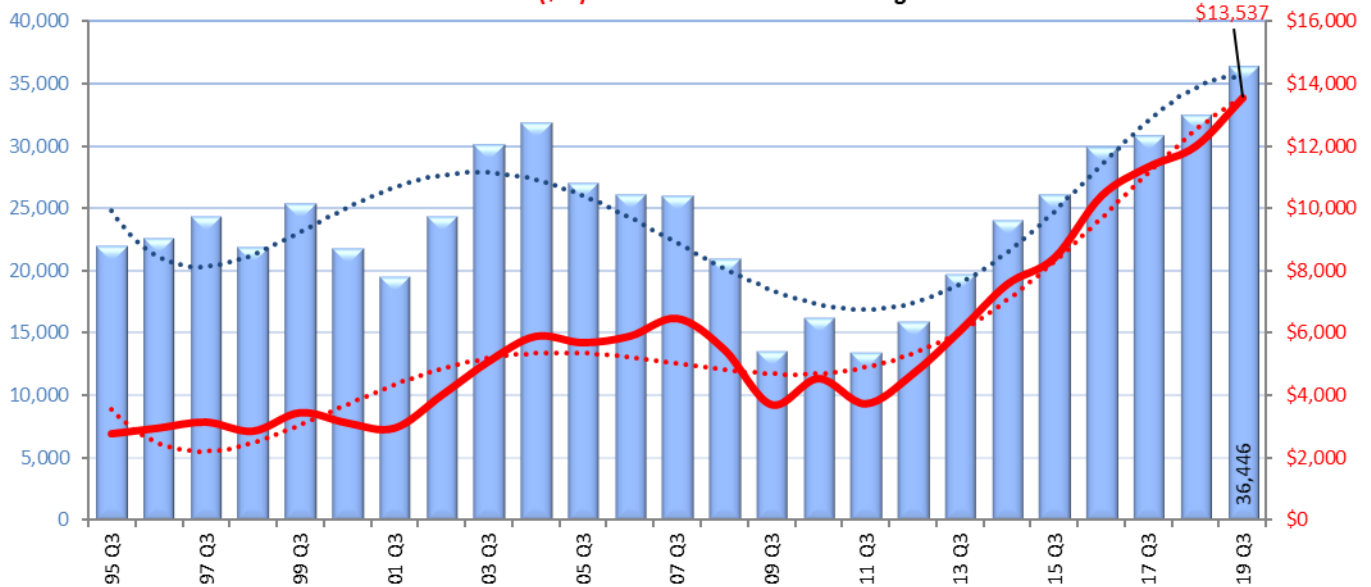
Source: Statistics NZ

**Value (\$m) of NEW NZ Residential Building Consents
Year ending Nov 19**



Source: Statistics NZ

Number and Value (\$m) of NEW Residential - Building Consents - New Zealand



Source: Statistics NZ

Increases in both number & value have been seen nationally each year since 2011.

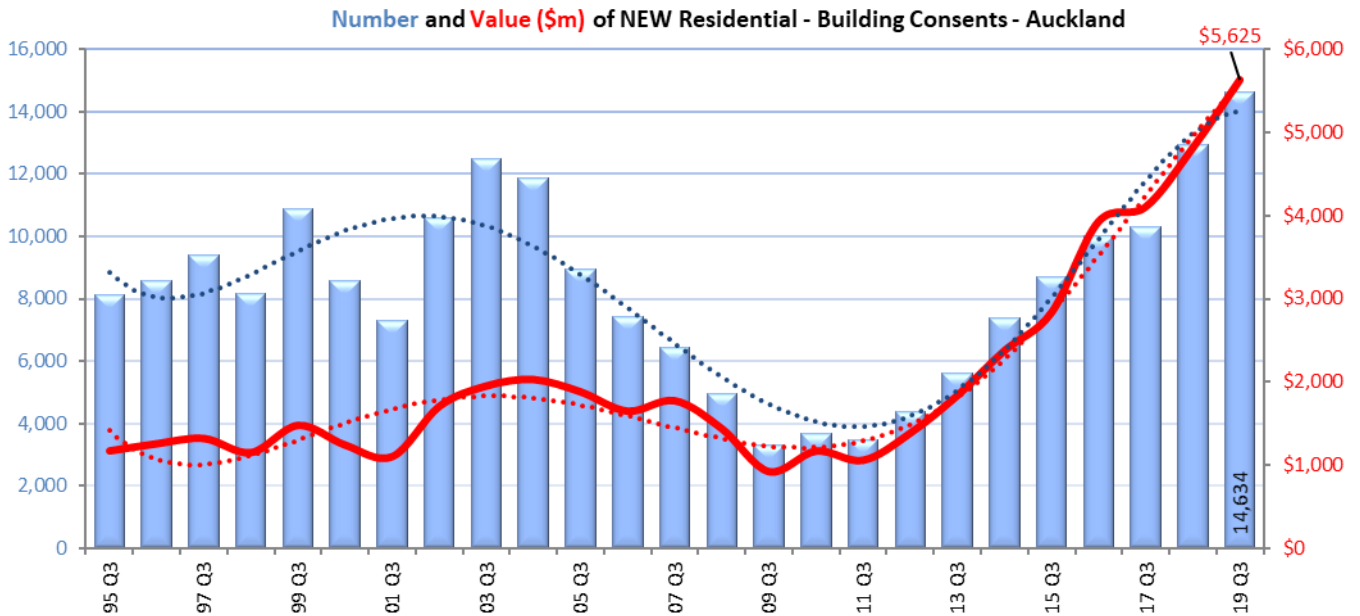
In the year to the end of November, the number of new residential consents in the year is now at 37,010. Multi-units (combined townhouses, retirement units & apartments) now represent 40% of New Zealand new residential consents.

Average residential consent value across New Zealand is \$370,000.

Increases in residential consents for Auckland continue, rising year on year since 2009, with value rising in proportion to number through these years.

In the year to the end of November, the number of new Auckland residential consents is 14,866 (40% of the national total).

New residential consent value for Auckland is 42% of the national value.

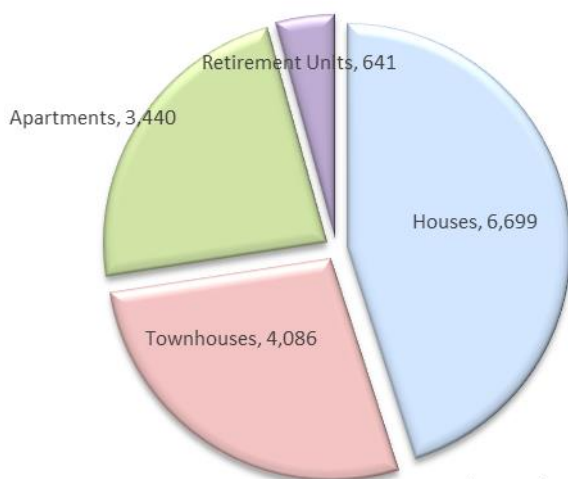


Source: Statistics NZ

Multi-units (combined townhouses, retirement units & apartments) now represent 55% of new Auckland residential consents, +2% on last quarter. New detached homes are decreasing in popularity in Auckland, we expect the proportion of detached homes to decrease further in Auckland giving way to townhouses & to a lesser extent apartments.

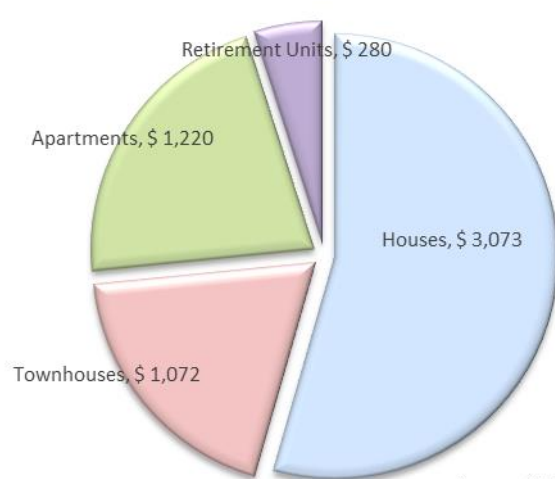
Average residential consent value in Auckland is \$380,000; 2.5% above the national average – we might expect this to be higher, except we are comparing a region with a higher proportion of multi-units (55%) with the national average (40%). Detached homes tend to be larger & more costly to build.

**Number of NEW Auckland Residential Building Consents
Year ending Nov 19**

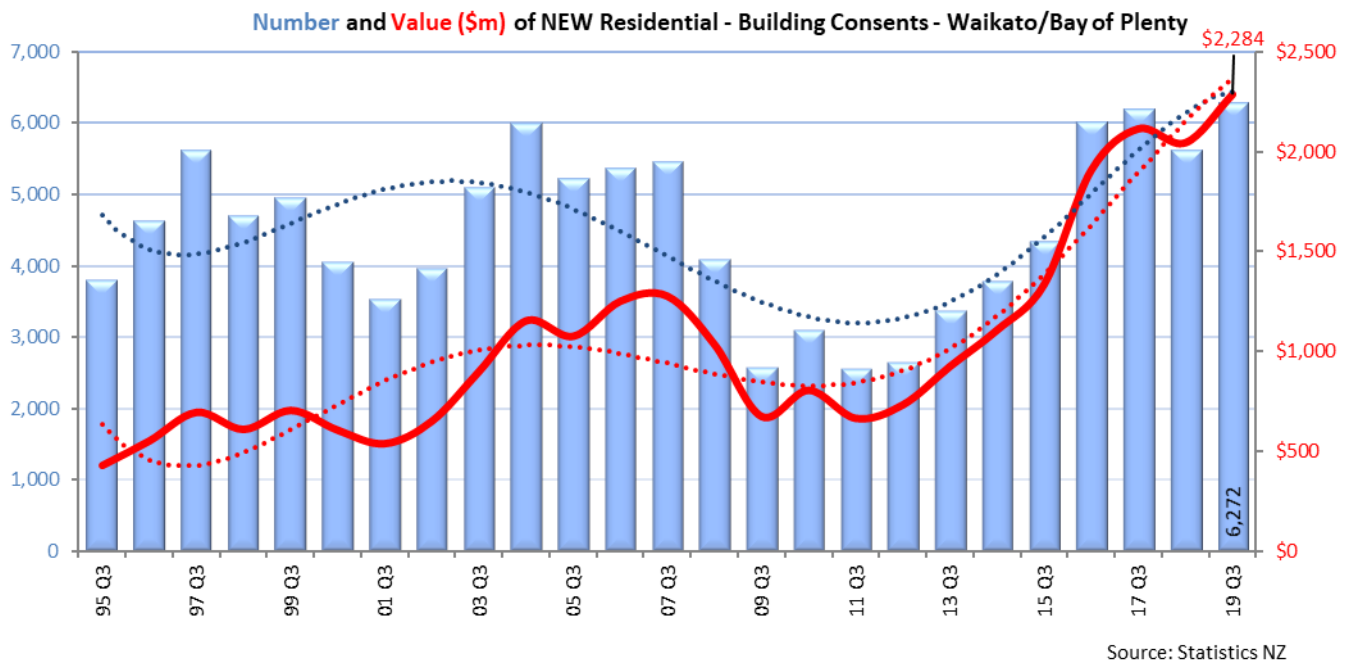


Source: Statistics NZ

**Value (\$m) of NEW Auckland Residential Building Consents
Year ending Nov 19**



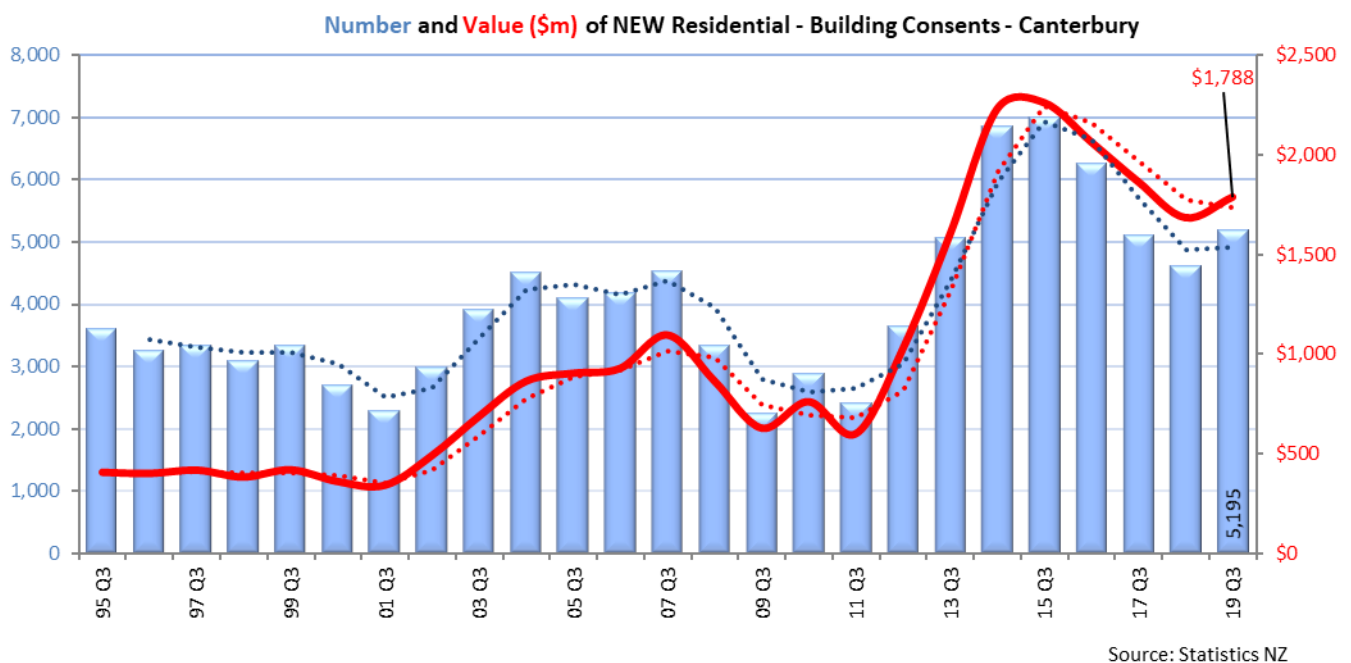
Source: Statistics NZ



In the year to the end of November, the number of new Waikato/Bay of Plenty residential consents in the year is now 6,310, 17% of the national total.

New residential consent value for Waikato/Bay of Plenty is also 17% of the national value.

Average residential consent value in Waikato/Bay of Plenty is \$363,000; 2% below the national average.

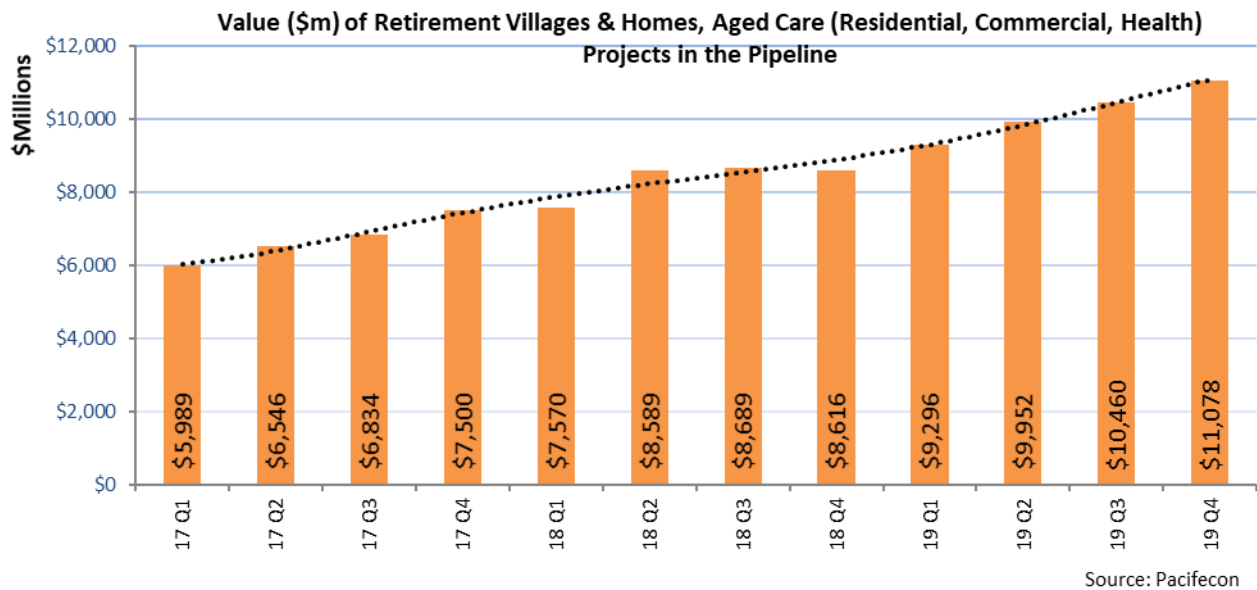


In the year to the end of November, the number of new Canterbury residential consents in the year is now 5,310, 14% of the national total.

New residential consent value for Canterbury is now 13% of the national value.

Average residential consent value in Canterbury is \$347,000; 6% below the national average.

» Retirement Villages & Rest Homes, Aged Care



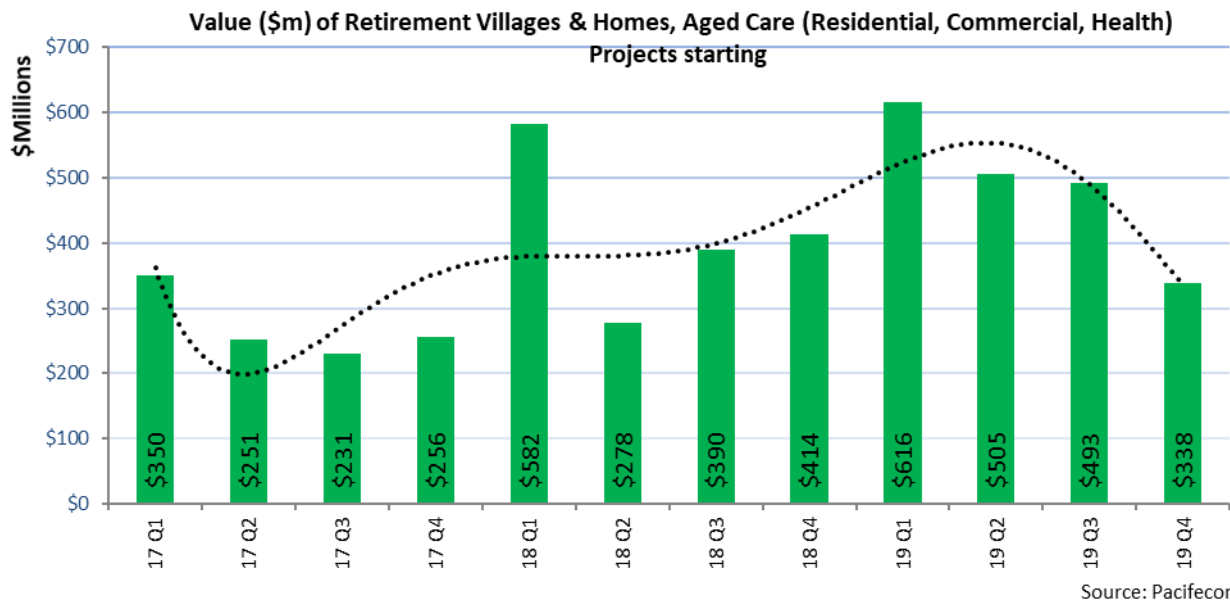
2019 Q4 compared to 2019 Q3 +6%

2019 Q4 compared to 2018 Q4 +29%

The pipeline of retirement work has grown consistently through 2019.

Another noticeable increase, to over \$11b has now occurred (due to announcements from Ryman & Summerset):

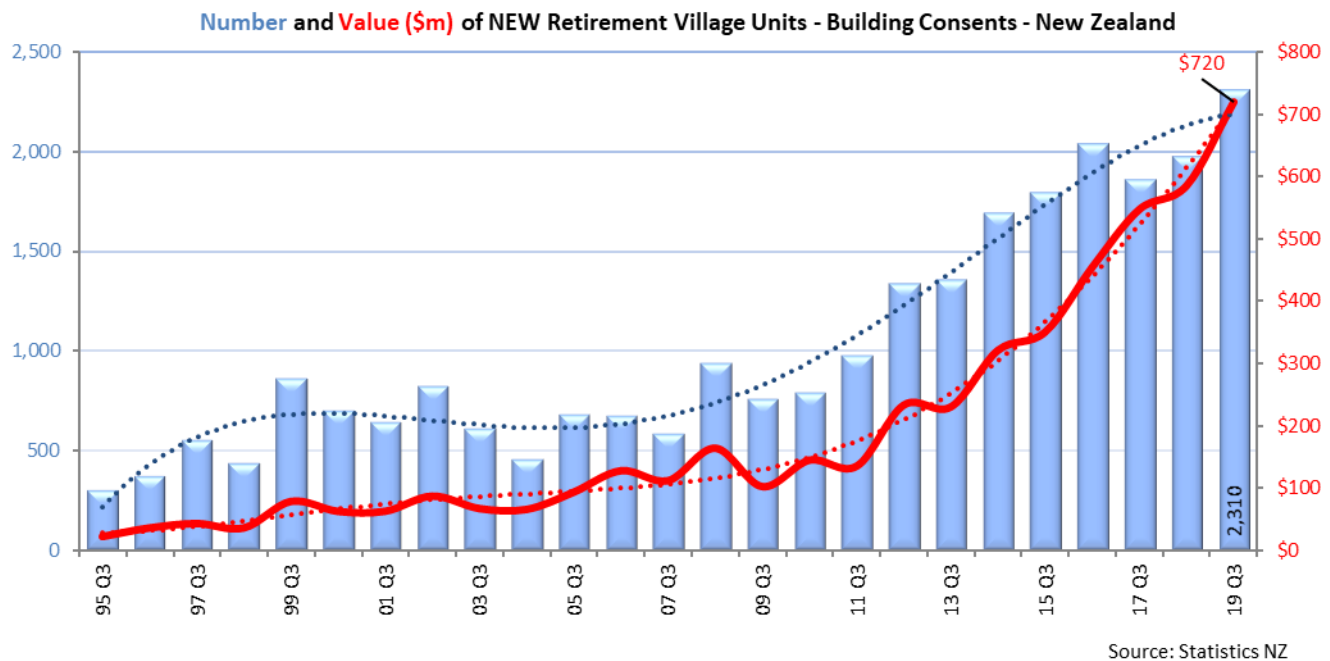
- AE0642 \$149m Canterbury, retirement village on a greenfield site to include resthome, hospital, dementia care plus dwellings for independent residents.
- AE1220 \$150m Canterbury, retirement village, 290 residences plus resthome on a brownfield site.



2019 Q4 compared to 2018 Q4 -18%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +17%

Statistics NZ data for new consents for retirement village units are shown below.



Year ending 30 September 2019 showed a rise of +17% compared to the previous year for number of new consents, & an increase of 23% by value.

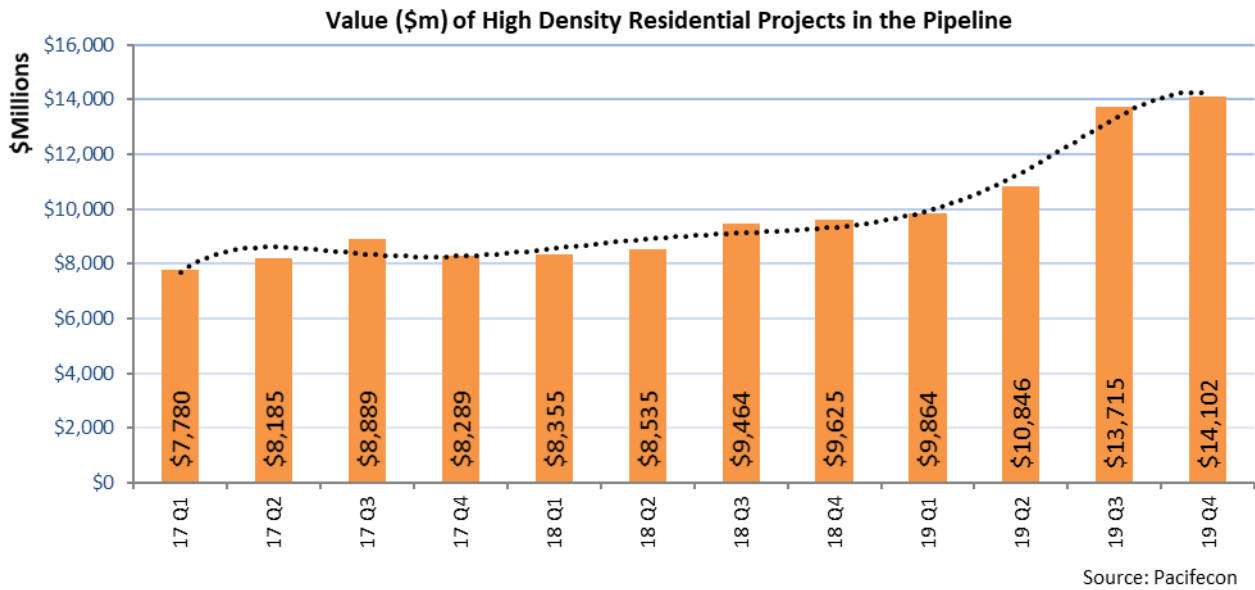
Consents for retirement village units represent 6% by number & 5% by value of all new residential building consents.

In the year to the end of September 2019:

- Auckland had 23% of all new retirement unit consents with 34% of the total value.
- Canterbury had 22% of the number & 13% of the total value.
- Waikato had 18% of the number & 18% of the total value.
- Bay of Plenty had 9% of the number & 11% of the total value.
- Wellington had 6% by number & 5% of the total value.
- Otago had 2% of the number & 2% of the total value.
- The North Island had 67% of the number & 78% of the value.

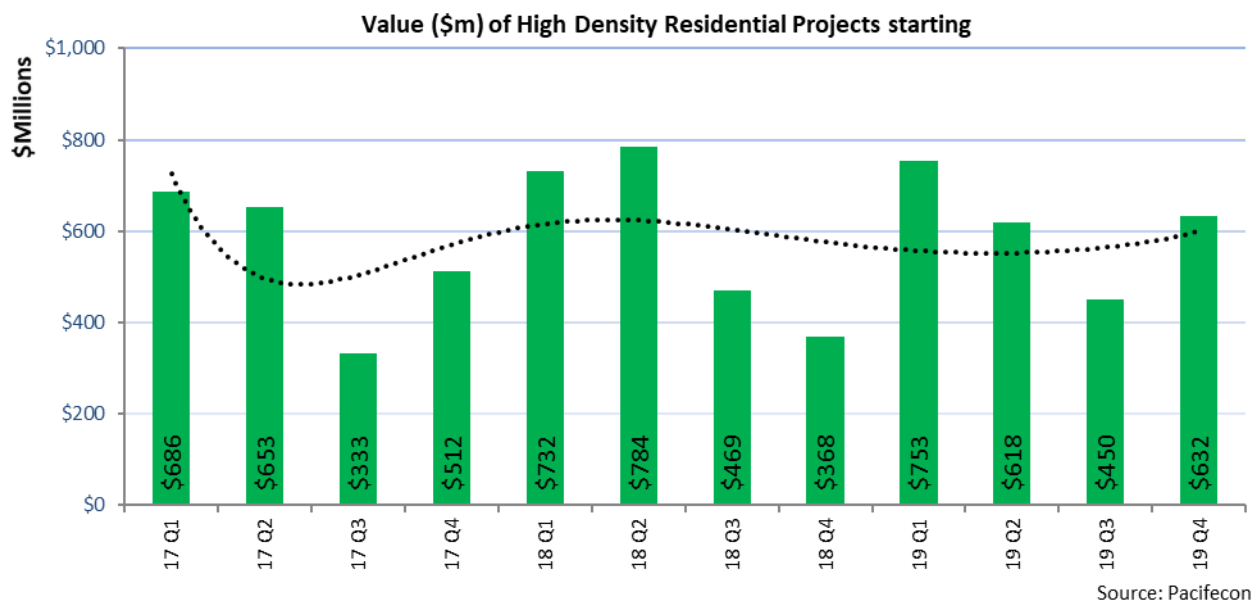
Some regions reported NO new retirement unit consents during the year: Gisborne, West Coast & Marlborough.

» High Density Residential Buildings (Apartments)



2019 Q4 compared to 2019 Q3 +3%

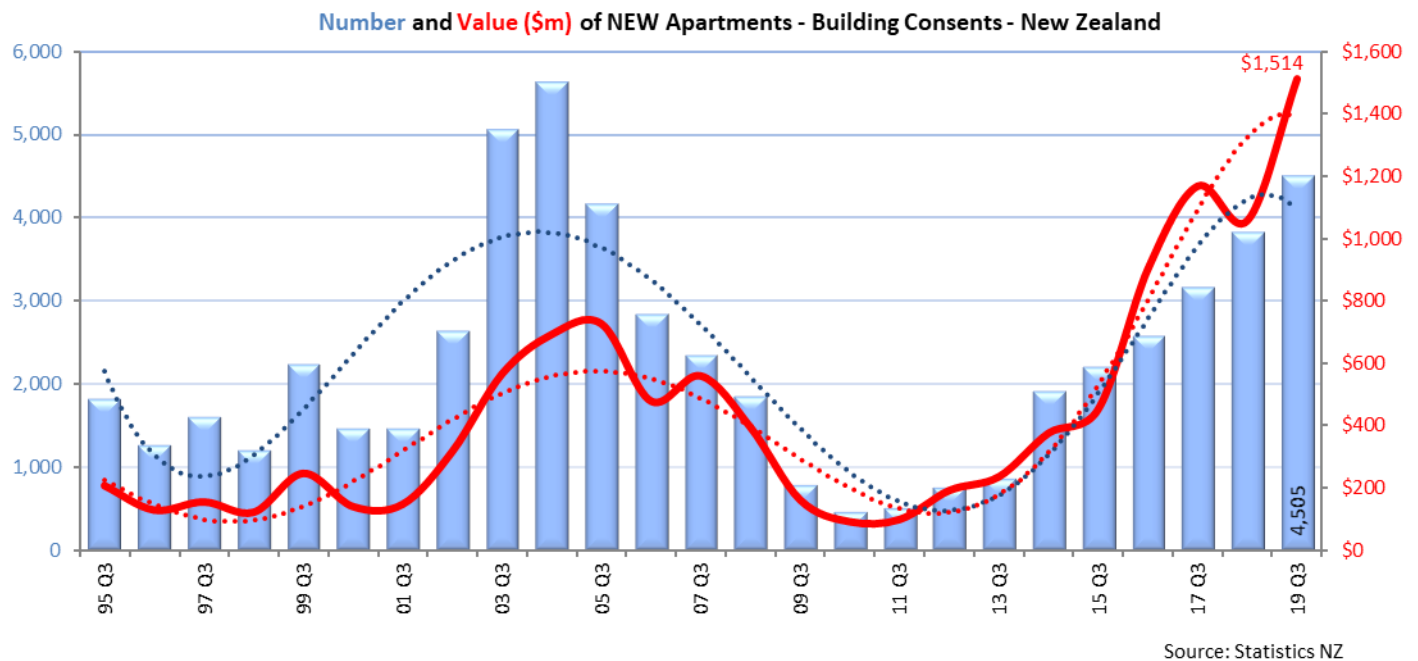
2019 Q4 compared to 2018 Q4 +47%



2019 Q4 compared to 2018 Q4 +72%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +4%

Statistics NZ data for new consents for apartments are shown below.



Year ending 30 September 2019 showed a rise of +18% compared to the previous year for number of new consents, but an increase of 43% by value.

Consents for apartments represent 12% by number & 11% by value of all new residential building consents.

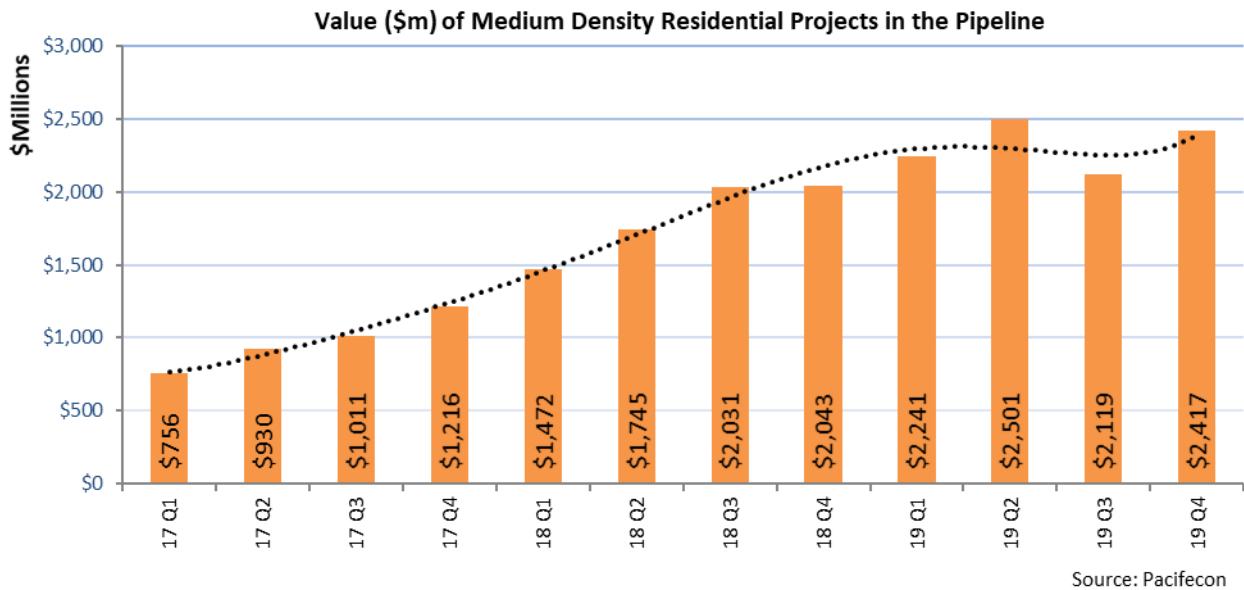
In the year to the end of September 2019:

- Auckland had 75% of all new apartment consents with 82% of the total value.
- Wellington had 10% by number & 6% of the total value.
- Canterbury had 3% of the number & 2% of the total value.
- Bay of Plenty had 1% of the number & 2% of the total value.
- Otago had 10% of the number & 6% of the total value.
- The North Island had 89% of the number & 92% of the value.

Some regions reported NO new apartment consents during the year: Manawatu-Whanganui, Southland, Tasman, Marlborough, West Coast.

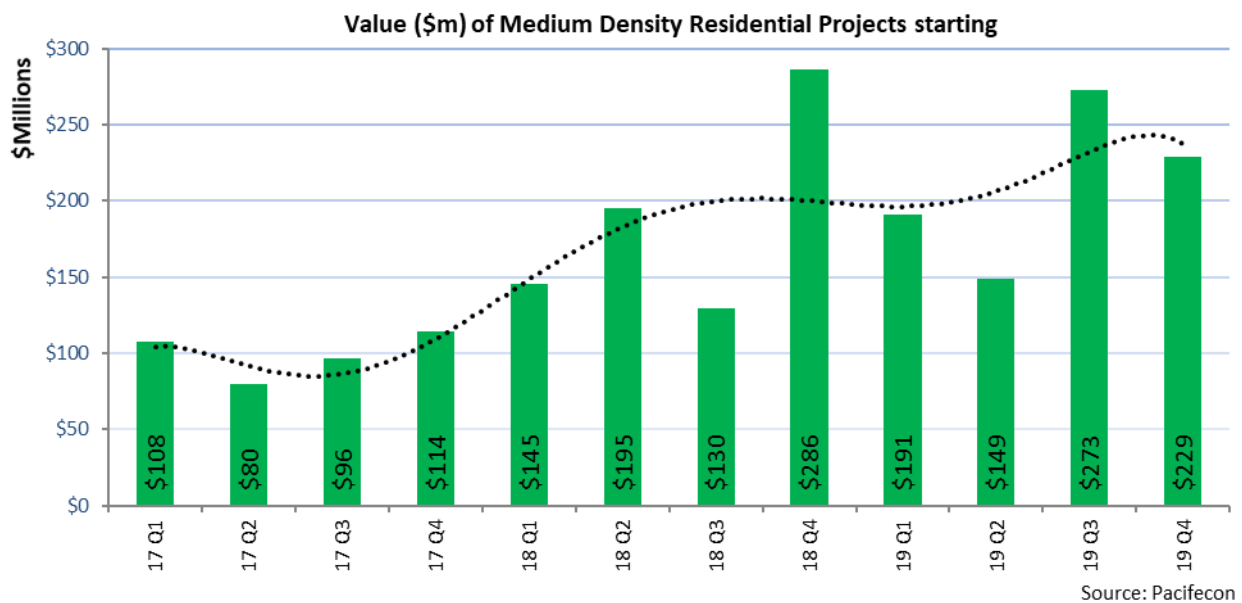
With very low numbers (single digits) in Northland, Gisborne, Hawke's Bay, Taranaki.

» Medium Density Residential Buildings (Terraces, Townhouses, Units)



2019 Q4 compared to 2019 Q3 +14%

2019 Q4 compared to 2018 Q4 +18%



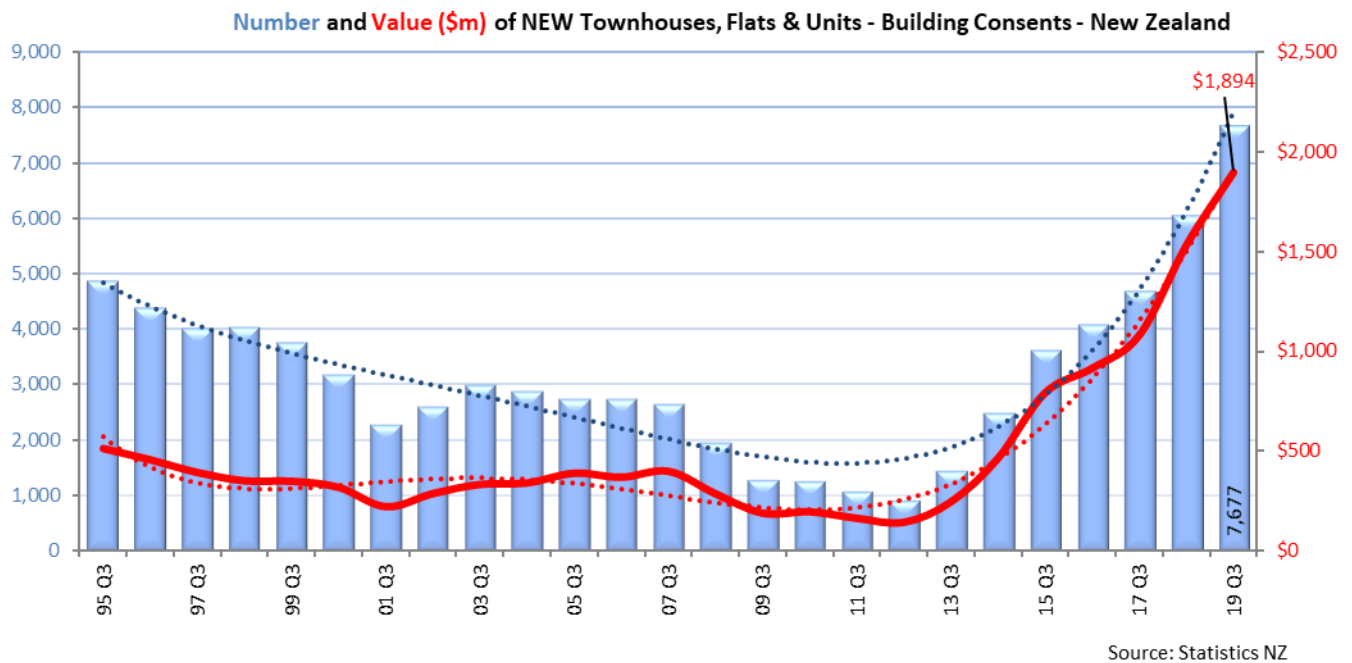
2019 Q4 compared to 2018 Q4 -20%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +11%

High value projects starting in 2019 Q4:

- X7206 \$77m Auckland, Paerata Rise houses stage 2 155 homes on a greenfield site.
- AB4223 \$75m Auckland, Auranga houses stage 5 150 homes on a greenfield site.
- AC5051 \$60m Otago, JPV Classic development – housing super lot 9 72 homes on a greenfield site.

Statistics NZ data for new consents for townhouses, flats & units are shown below.



Year ending 30 September 2019, medium density new consent increase was 27% by number & 24% by value on the previous year, we have seen these massive increases year on year since 2012. Terraced homes are second only to detached homes in terms of popularity. New Zealand is consenting more medium density homes than ever before. Unlike apartments they were not previously popular – this is a new style for NZ – even though popular in other parts of the world for decades.

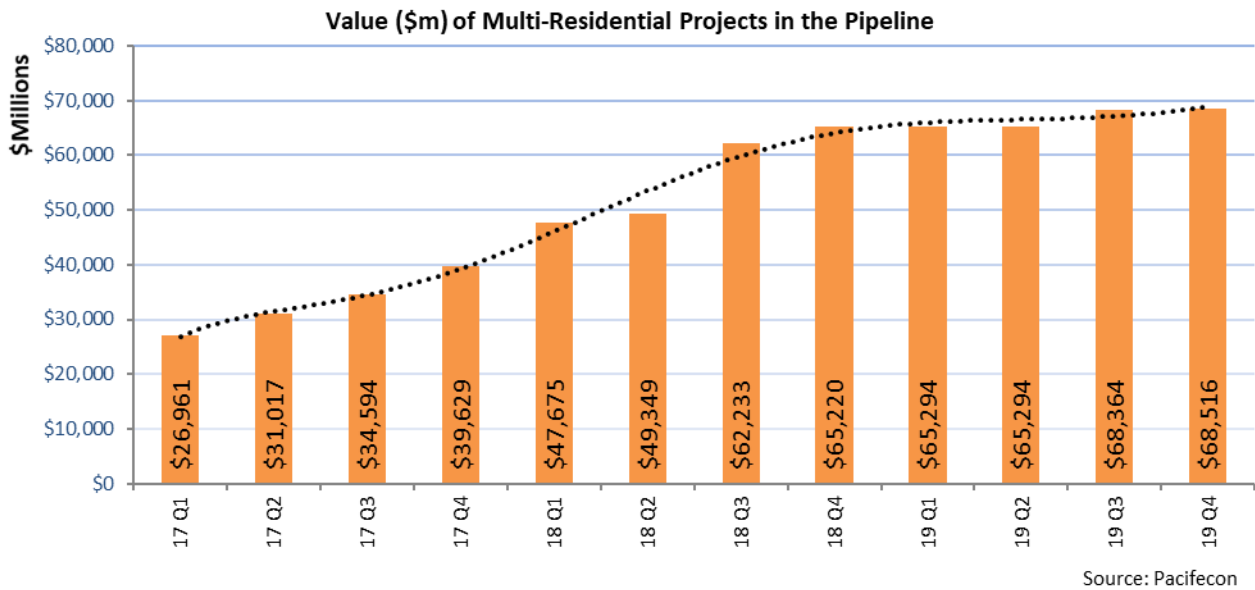
Consents for townhouses, terraces, & units represent 21% by number & 14% by value of all new residential building consents. Appealing to a wider demographic this is the sector expected to supplant detached house building in the longer-term.

In the year to the end of September 2019:

- Auckland had 52% of all new medium density consents with 56% of the total value.
- Canterbury had 12% of the number & 11% of the total value.
- Waikato had 13% of the number & 11% of the total value.
- Wellington had 10% by number & 10% of the total value.
- Otago had 6% of the number & 6% of the total value.
- Bay of Plenty had 2% of the number & 2% of the total value.
- The North Island had 82% of the number & 82% of the value.

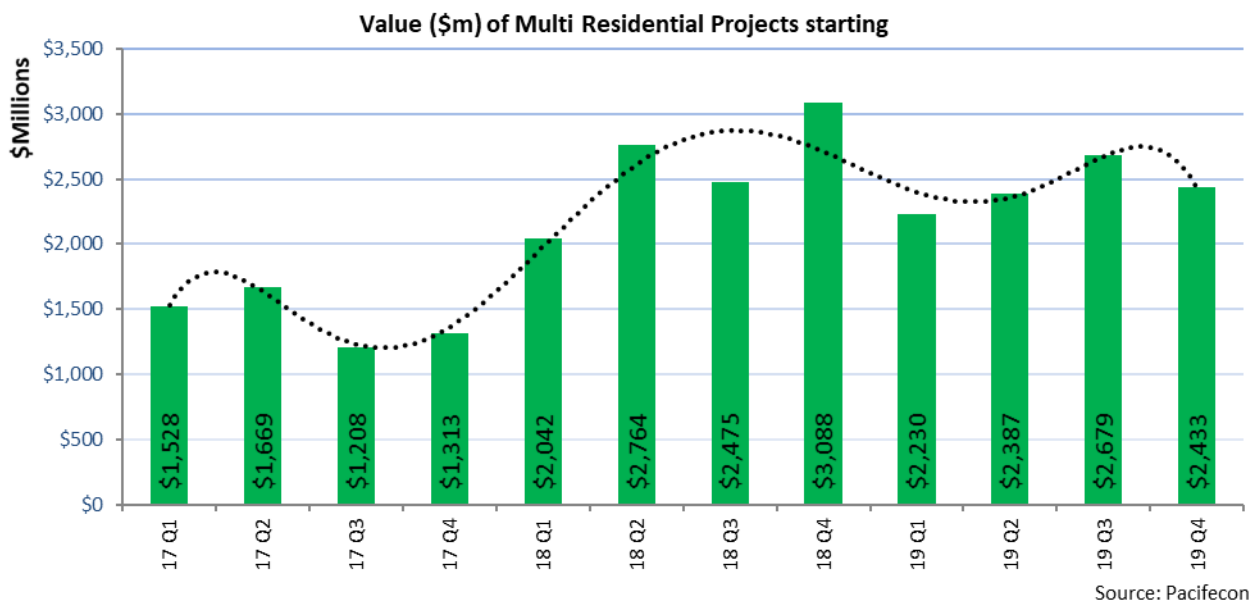
Some regions reported low numbers: Northland, Gisborne, Hawke's Bay, Taranaki, Manawatu-Whanganui, Tasman, Nelson, Marlborough, West Coast & Southland; but ALL regions had some townhouse-style consents.

» Multi-residential



2019 Q4 compared to 2019 Q3 0%

2019 Q4 compared to 2018 Q4 +5%



2019 Q4 compared to 2018 Q4 -21%

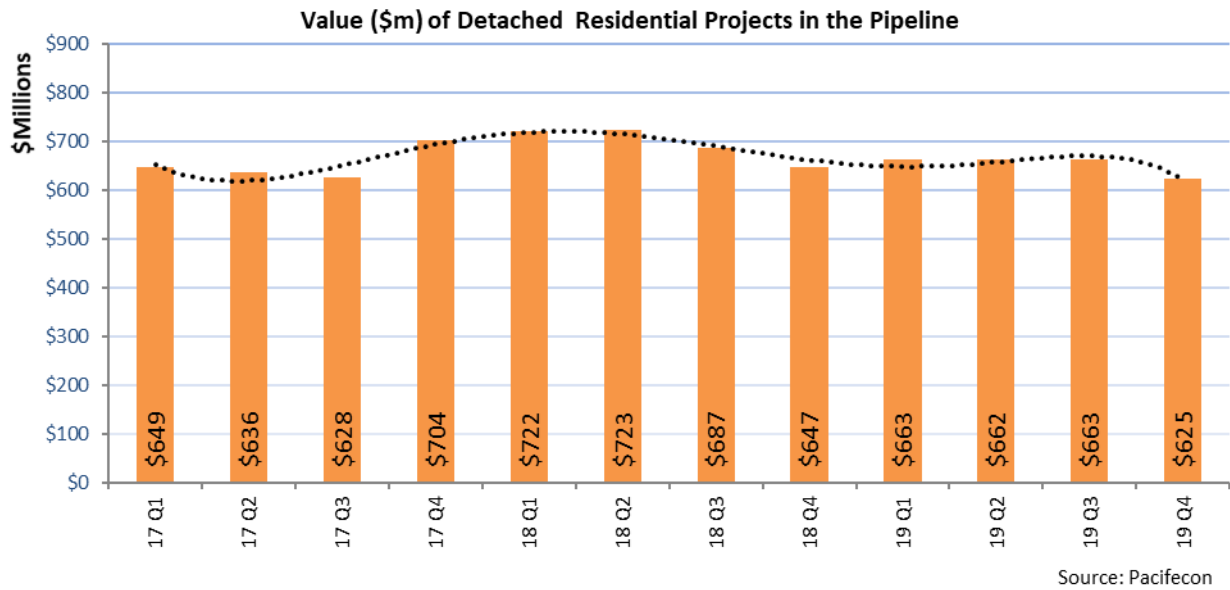
Year ending 2019 Q4 compared to Year ending 2018 Q4 -6%

High Density, Medium Density & multiples of detached residential work comes into the multi-residential measure.

Since the beginning of 2018 there have been very healthy work starting values for multi-residential projects.

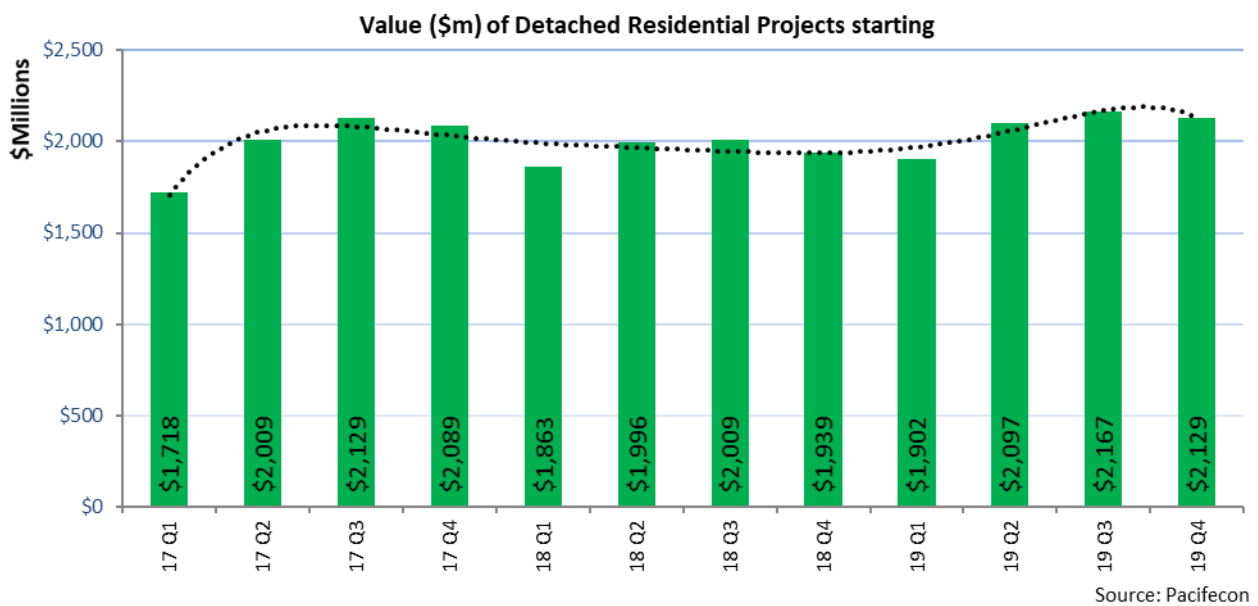
31 multi-residential projects each with a value of over \$25m started in 2019 Q4 with Y0653 \$105m Auckland, Kauri Landing subdivision being the largest with 210 homes on a greenfield site.

» Detached Residential Buildings



2019 Q4 compared to 2019 Q3 -6%

2019 Q4 compared to 2018 Q4 -3%

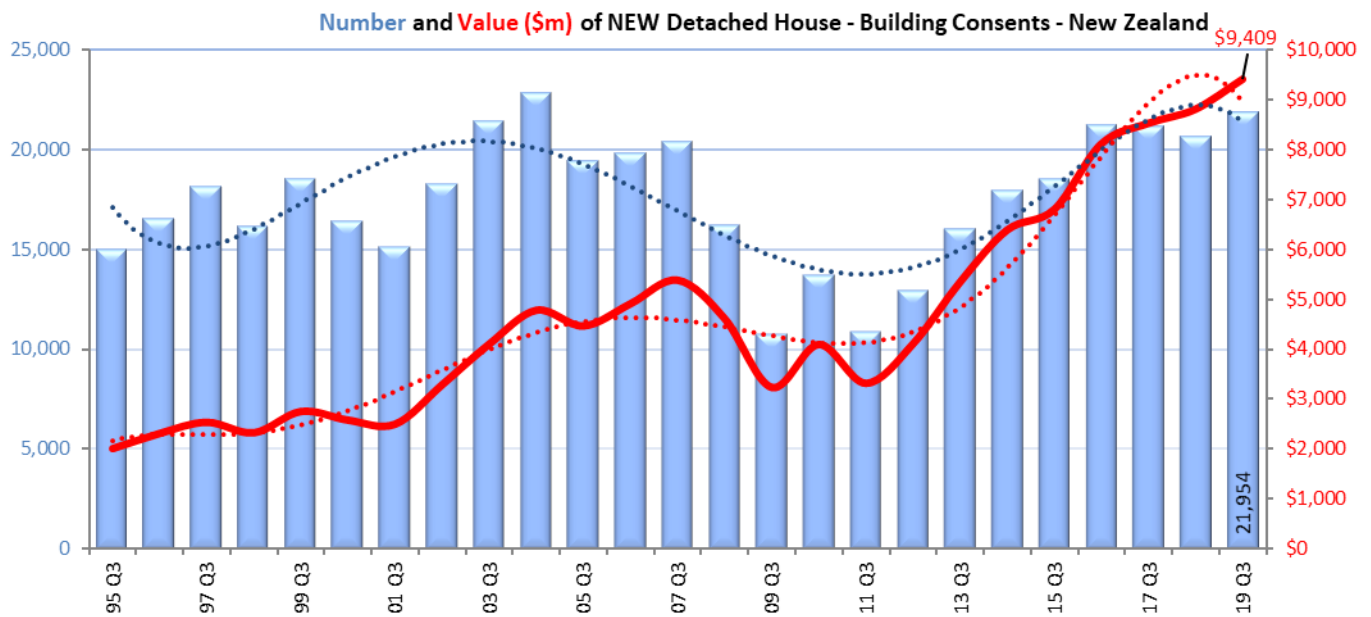


2019 Q4 compared to 2018 Q4 +10%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +6%

For the last 3 years the pipeline has held level & an average of \$2b work has started each quarter.

Statistics NZ data for new consents for detached homes are shown below.



Source: Statistics NZ

Detached homes remain New Zealand's most popular at 60% by number of consents & 70% by value.

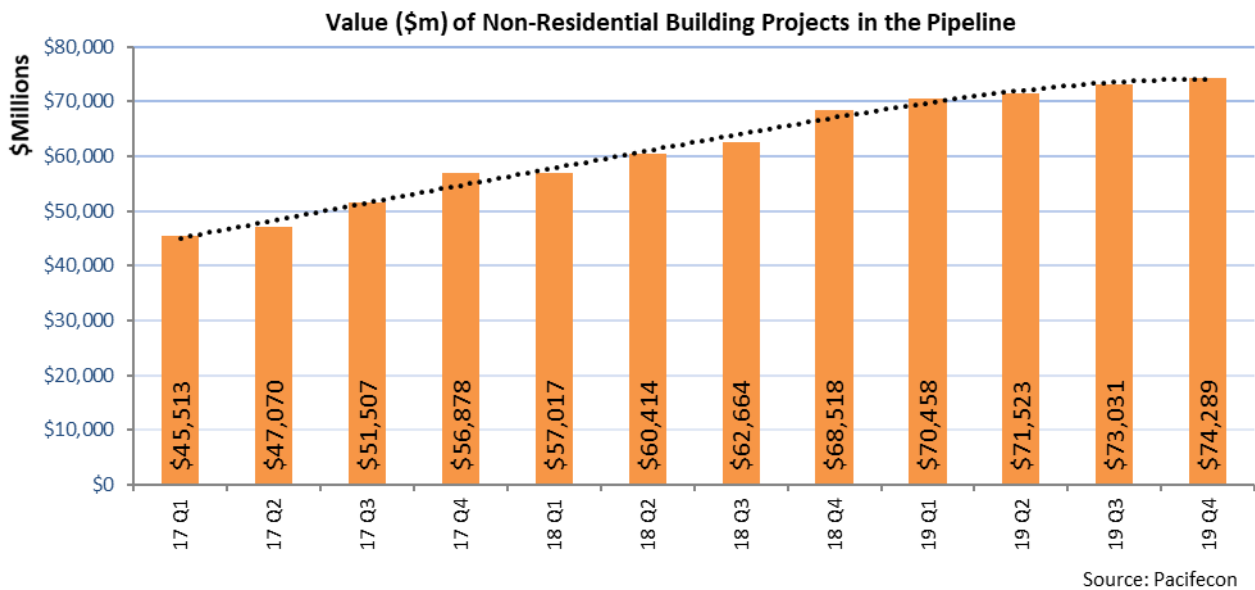
The year to end 30 September 2019 showed +6% increase by number & +7% increase by value for detached consents.

We are not yet seeing numbers of detached homes dropping, but are seeing a flattening off, with the overall rise in number being taken up by the other types of residential building.

In the year to the end of September 2019:

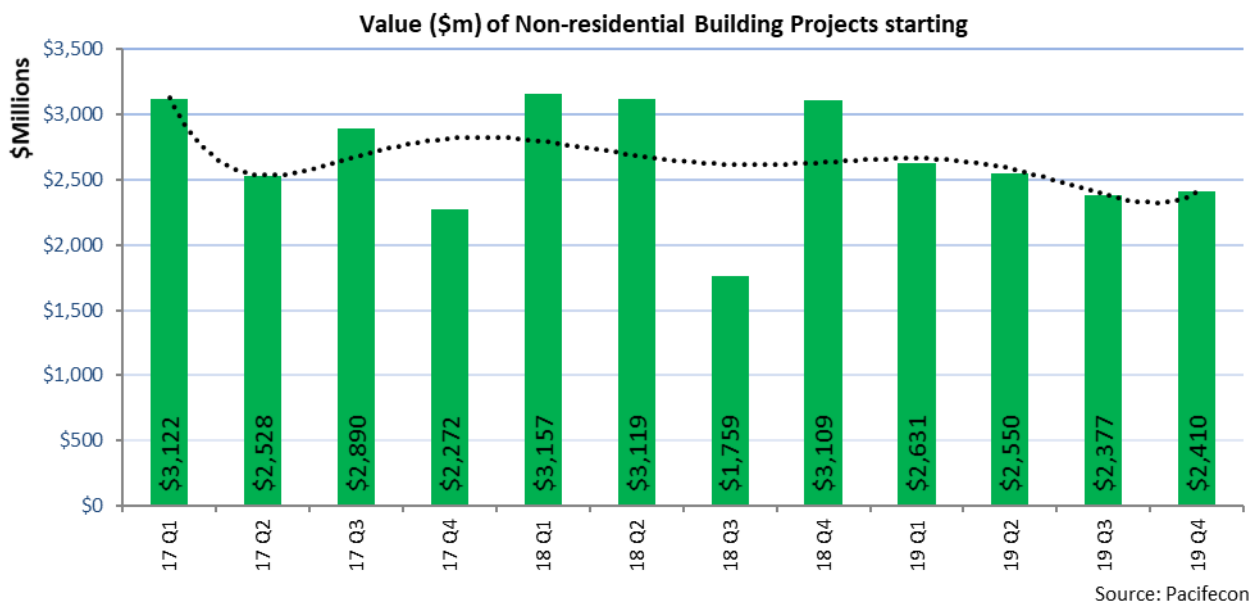
- Auckland had 31% of all new detached dwelling consents with 33% of the total value.
- Canterbury had 17% of the number & 16% of the total value.
- Waikato had 12% of the number & 12% of the total value.
- Wellington had 7% by number & 7% of the total value.
- Otago had 7% of the number & 7% of the total value.
- Bay of Plenty had 8% of the number & 7% of the total value.
- The North Island had 71% of the number & 72% of the value.

» New Zealand Non-Residential Buildings



2019 Q4 compared to 2019 Q3 +2%

2019 Q4 compared to 2018 Q4 +8%



2019 Q4 compared to 2018 Q4 -22%

Year ending 2019 Q4 compared to Year ending 2018 Q4 -11%

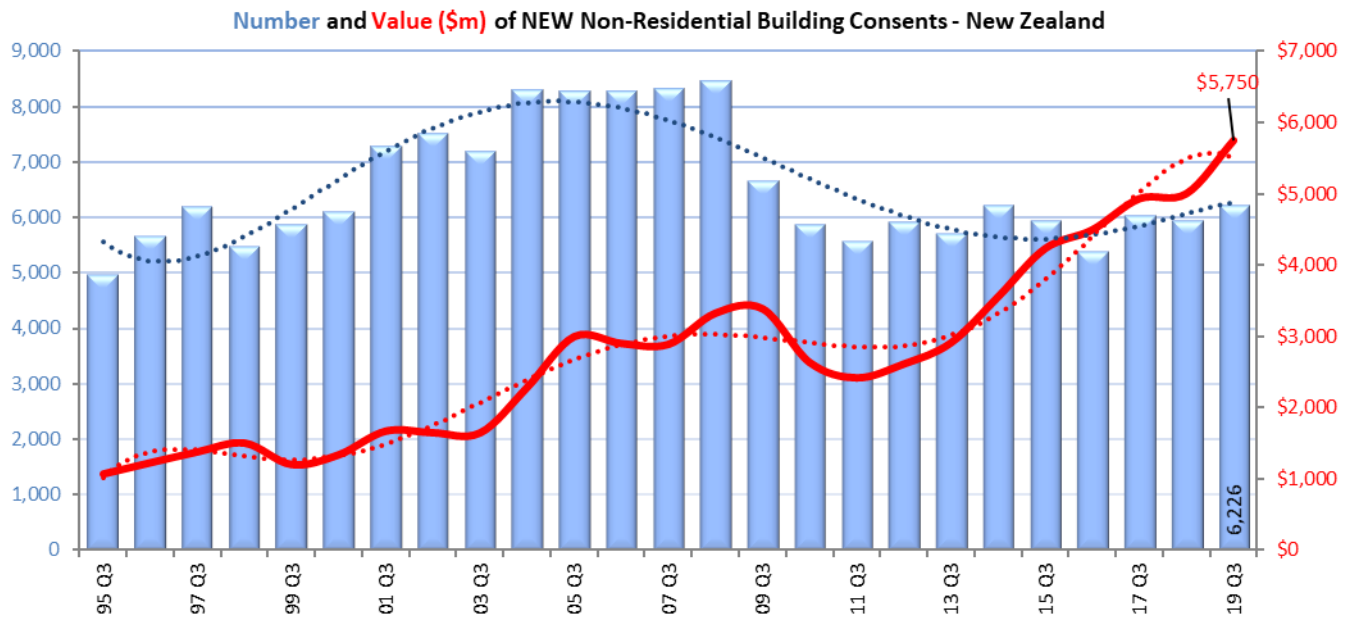
Lumpier than the residential work starting as individual projects may have a very high value. The trend is flat.

The pipeline for non-residential building now stands at \$74b, having risen gradually to this level over the last few years, remaining above the \$69b residential pipeline.

Non-residential building consent numbers have held at the 5,500-6,000 new consents per year since 2009.

Value of consents has risen since 2011.

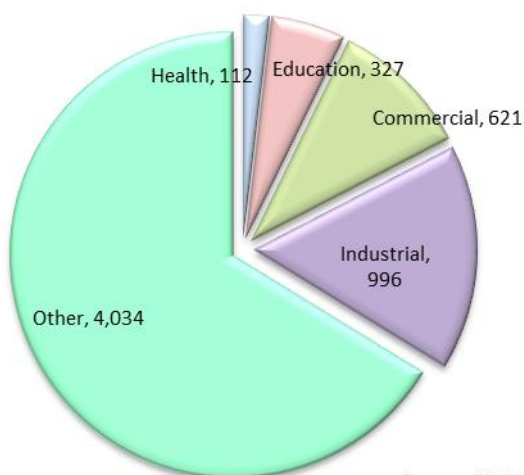
The year to end 30 September 2019 showed +4% change by number & +15% change by value for new non-residential consents.



Source: Statistics NZ

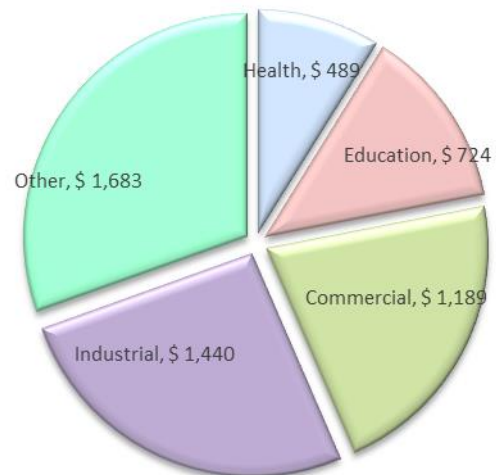
Proportions of non-residential building consents

**Number of NEW NZ Non-Residential Building Consents
Year ending Nov 19**



Source: Statistics NZ

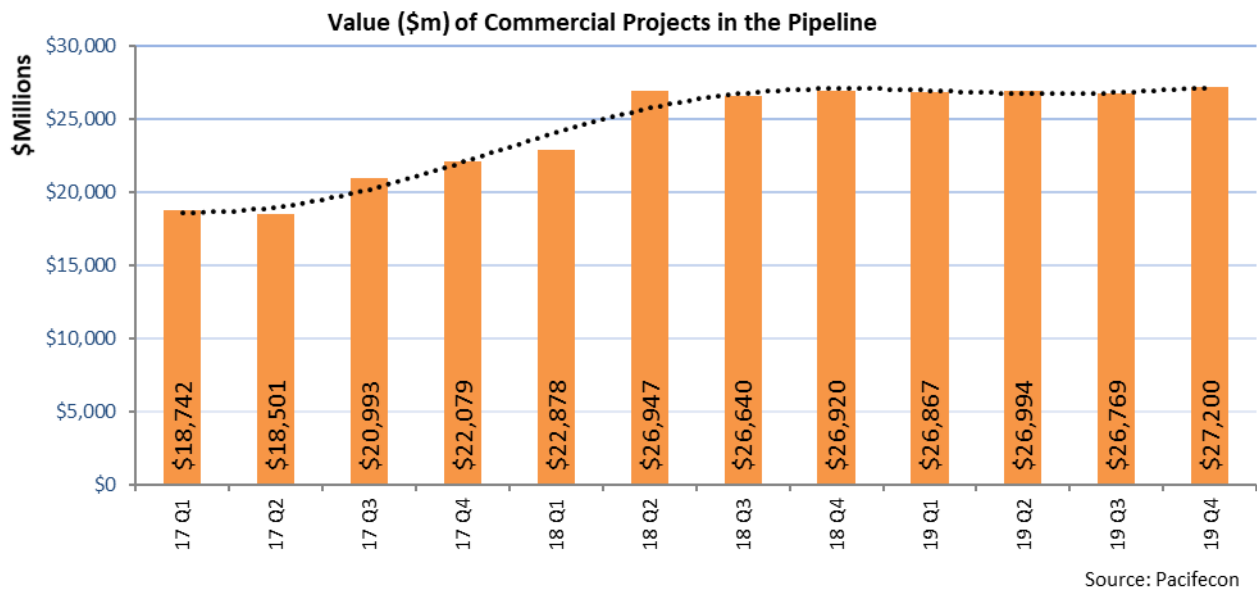
**Value (\$m) of NEW NZ Non-Residential Building Consents
Year ending Nov 19**



Source: Statistics NZ

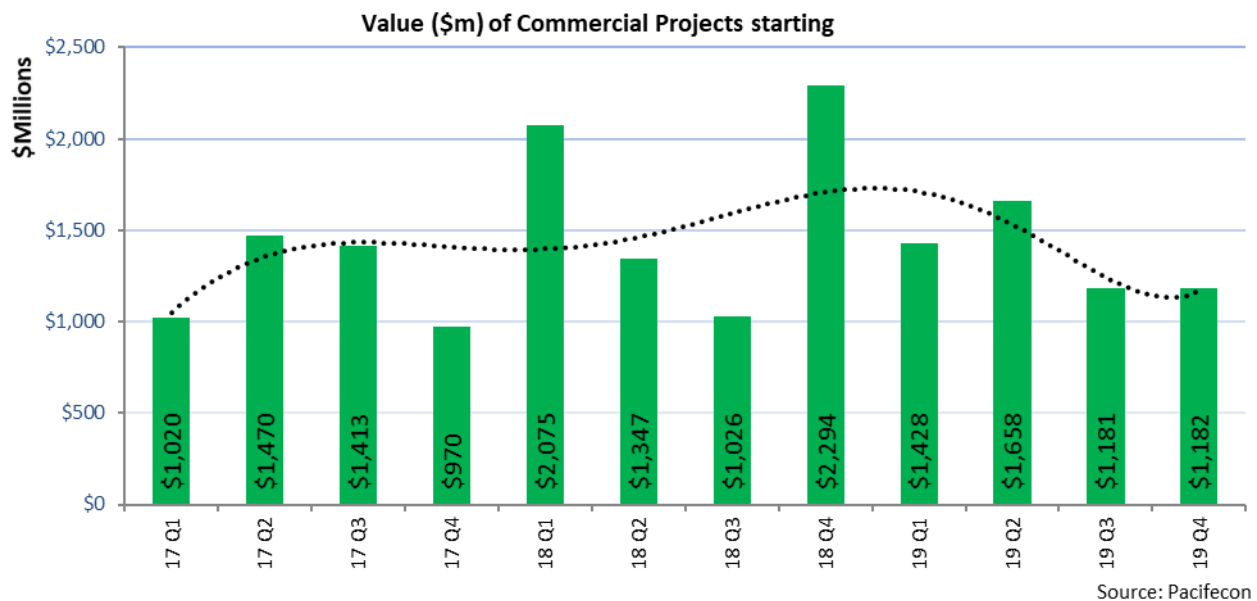
The proportions for the main sectors of non-residential building include 'Other' which is mainly made up of farm buildings (3,445 of these in the year to November 2019) & other minor buildings which, whilst there are a lot of them, are of lower individual value & are not divided further in this report.

» Commercial Buildings



2019 Q4 compared to 2019 Q3 2%

2019 Q4 compared to 2018 Q4 +1%



2019 Q4 compared to 2018 Q4 -48%

Year ending 2019 Q4 compared to Year ending 2018 Q4 -19%

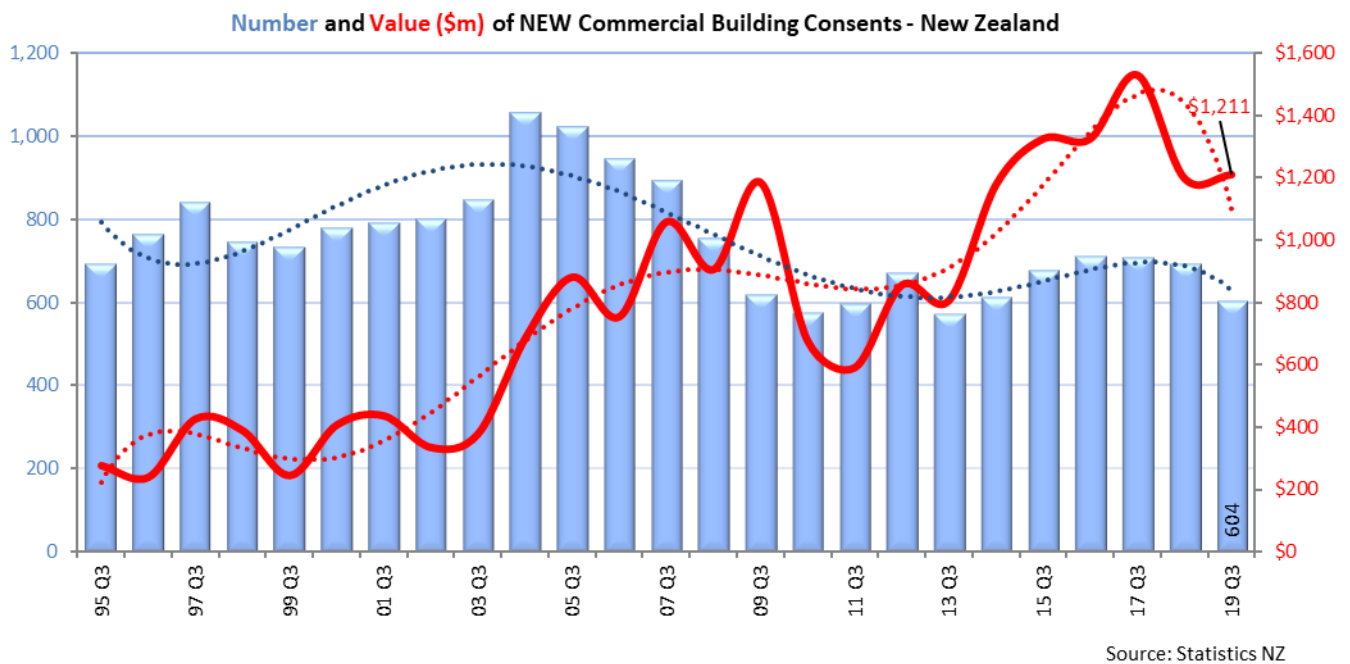
High value projects starting in 2019 Q4:

- N6172 \$180m Wellington, conference centre/museum
- AC0591 \$50m Otago, hotel
- E4393 \$40m Southland, hotel
- T4378 \$34m Wellington, theatre
- I9162 \$34m Whanganui, art gallery
- U3188 \$30m Otago, bulk retail
- Z6354 \$25m Auckland, supermarket

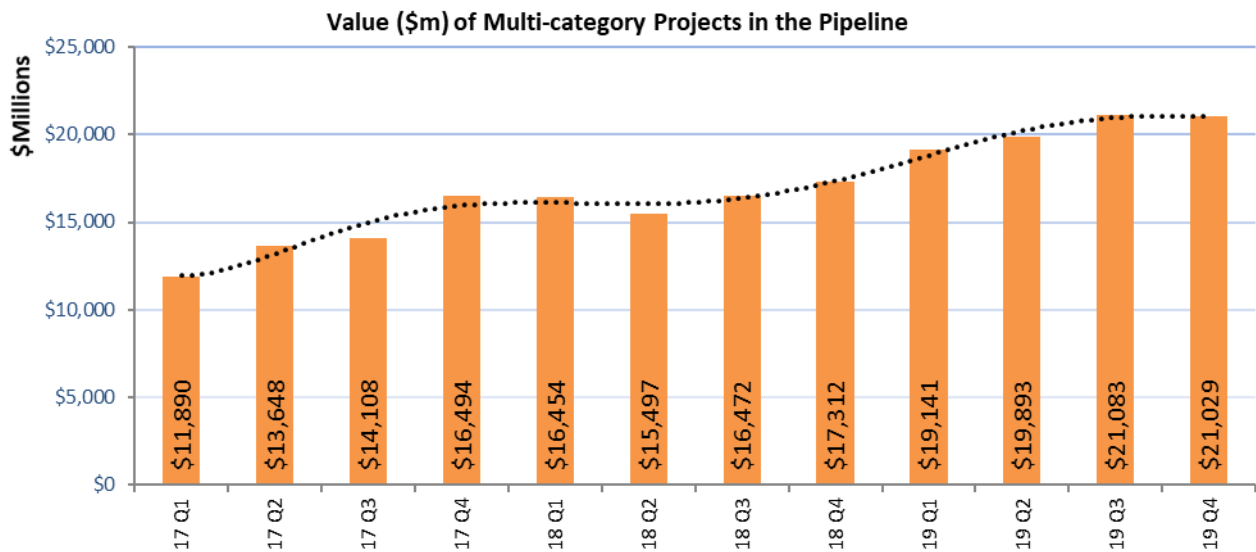
The number of new commercial consents has held at 600-750 per year since 2009, the trend for value rose from 2011 – 2017, this is typically lumpy, Pacifecon’s data for commercial work shows the same picture.

The year to end 30 September 2019 showed -13% change by number & +1% change by value for new commercial consents.

Commercial consents represent 10% by number & 21% by value of all new non-residential building consents. Fairly high value per consent.



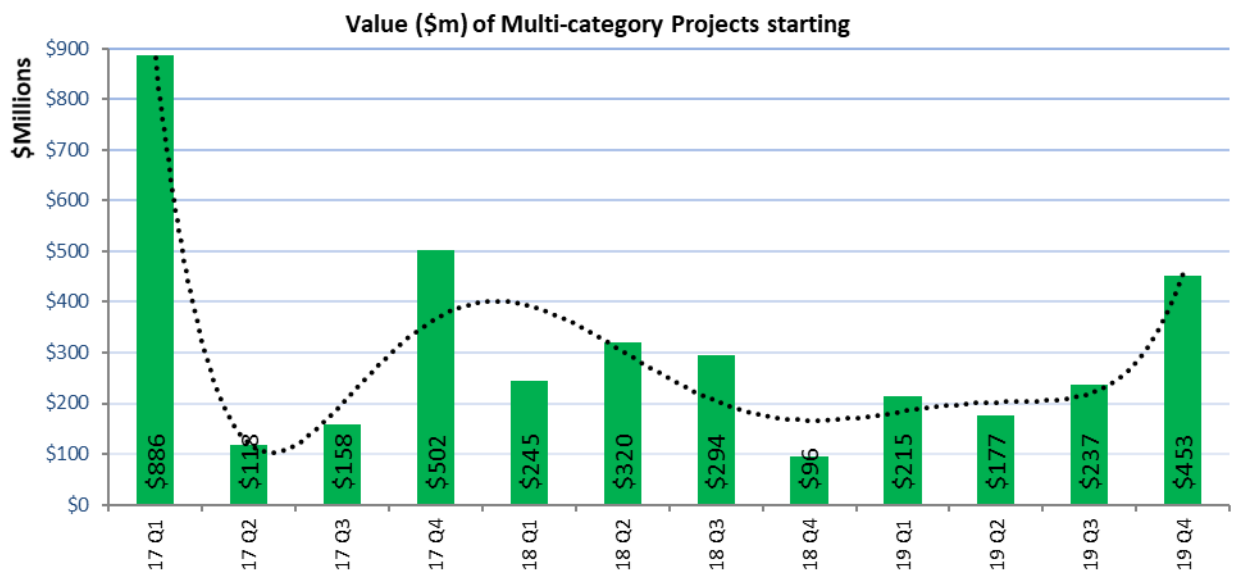
» Multi-category Buildings



Source: Pacifecon

2019 Q4 compared to 2019 Q3 0%

2019 Q4 compared to 2018 Q4 +21%



Source: Pacifecon

2019 Q4 compared to 2018 Q4 +373%

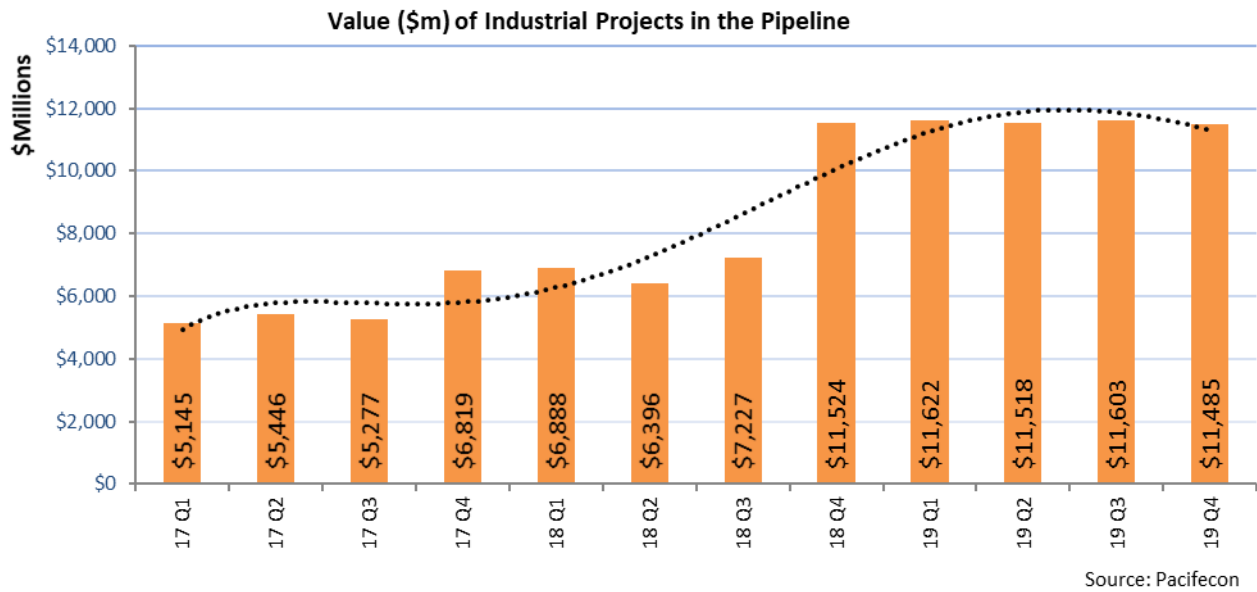
Year ending 2019 Q4 compared to Year ending 2018 Q4 +13%

Multi-category (mixed-use) buildings are growing in popularity. Apartment buildings now have retail/hospitality on the lower levels or are hotel/apartments.

Major increases in work starting for multi-category building were when the following work started:

- 2017 Q1 S2855 \$300m Auckland, Seascope, residential & commercial development
- 2017 Q4 P0748 \$300m Auckland, The Pacifica apartments & commercial development
- 2018 Q3 X3502 \$100m Otago, Toru Apartments
- 2019 Q1 R2194 \$200m Bay of Plenty, Farmers Corner retail/residential building
- 2019 Q3 V8363 \$100m Auckland, Ramada Hotel & Suites

» Industrial Buildings

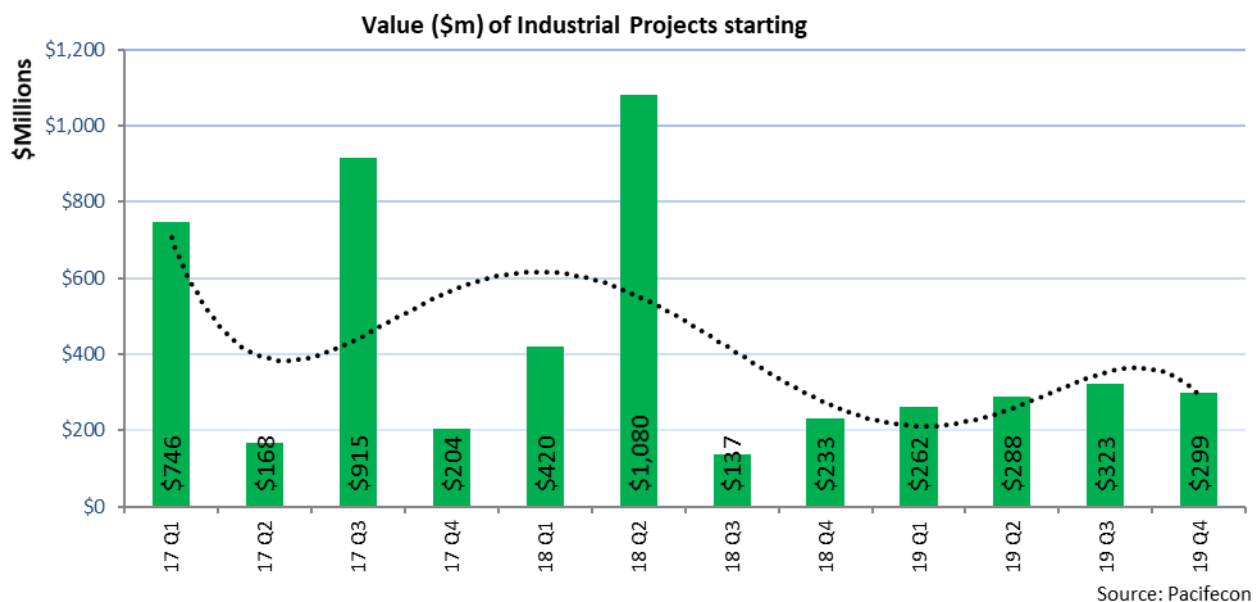


2019 Q4 compared to 2019 Q3 -1%

2019 Q4 compared to 2018 Q4 0%

Major increases in the industrial building pipeline were when the following were first reported:

- 2017 Q4 X8579 \$1b Ports of Auckland relocation
- 2018 Q4 AB2084 (Auckland) & AB1137 (Taranaki), hydrogen generation facilities
- 2019 Q2 AC7180 \$650m Waikato, industrial processing plant



2019 Q4 compared to 2018 Q4 +29%

Year ending 2019 Q4 compared to Year ending 2018 Q4 -37%

Major increases in work starting for industrial building were when the following work started:

- 2017 Q1: V4032 \$240m Canterbury, dairy factory
- 2017 Q1: U6843 \$37m Canterbury, dairy factory
- 2017 Q3: X0777 \$150m Canterbury, dairy factory
- 2017 Q3: D6547 \$100m Waikato, dairy factory
- 2018 Q1: G3803 \$150m Auckland, Fisher & Paykel healthcare campus
- 2018 Q1: W4552 \$58m Waikato, poultry processing plant & hatchery
- 2018 Q1: O8232 \$40m Canterbury, Meadow Mushrooms growing sheds expansion
- 2018 Q2: Y1948 \$260m Waikato, dairy factory
- 2018 Q2: Y3802 \$125m Canterbury, dairy factory
- 2019 Q1: Y3009 \$100m Auckland, Hilton Food Group processing facility
- 2019 Q2: AB1599 \$50m Waikato, glass processing factory
- 2019 Q3: AC5067 \$35m Auckland, Project Vision – pharmaceuticals manufacturing facility
- 2019 Q4: AD3269 \$40m Auckland, waste management facility
- 2019 Q4: AD0530 \$40m Otago, dairy factory

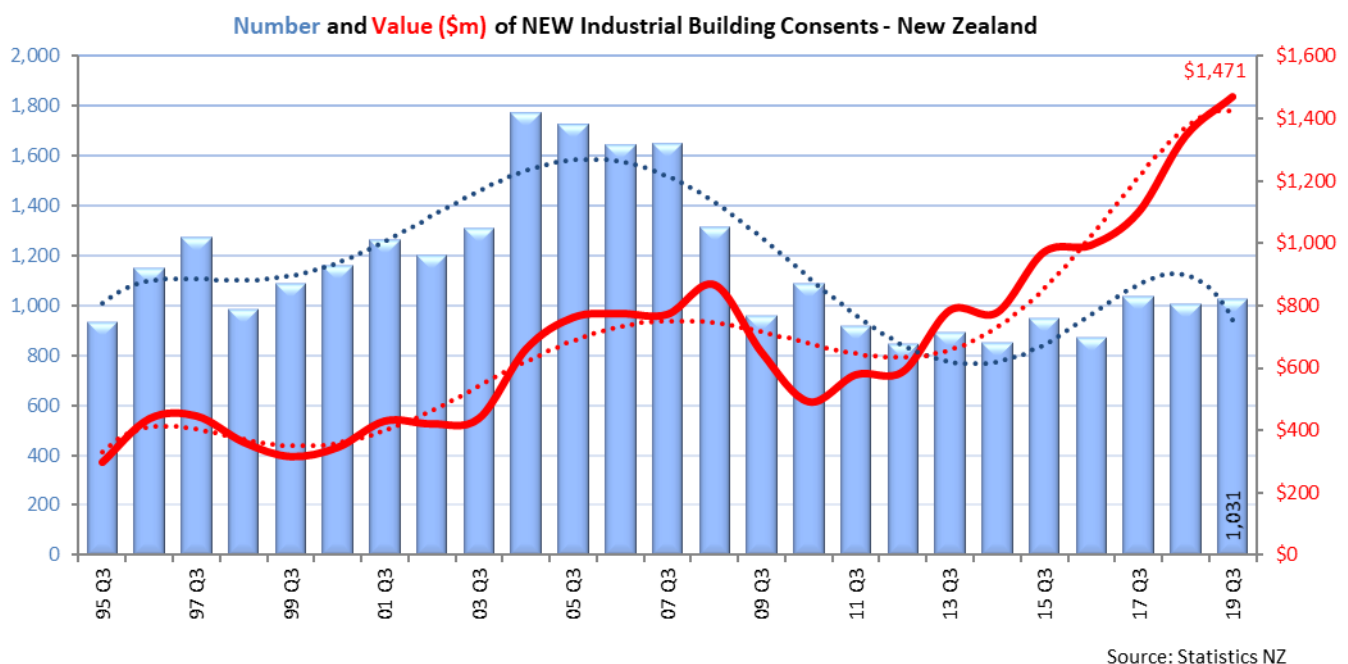
Dairy factories figure highly in the list above, the largest projects proceeding are for food processing.

The number of new industrial building consents has held consistently at 850-1,000 per year since 2009.

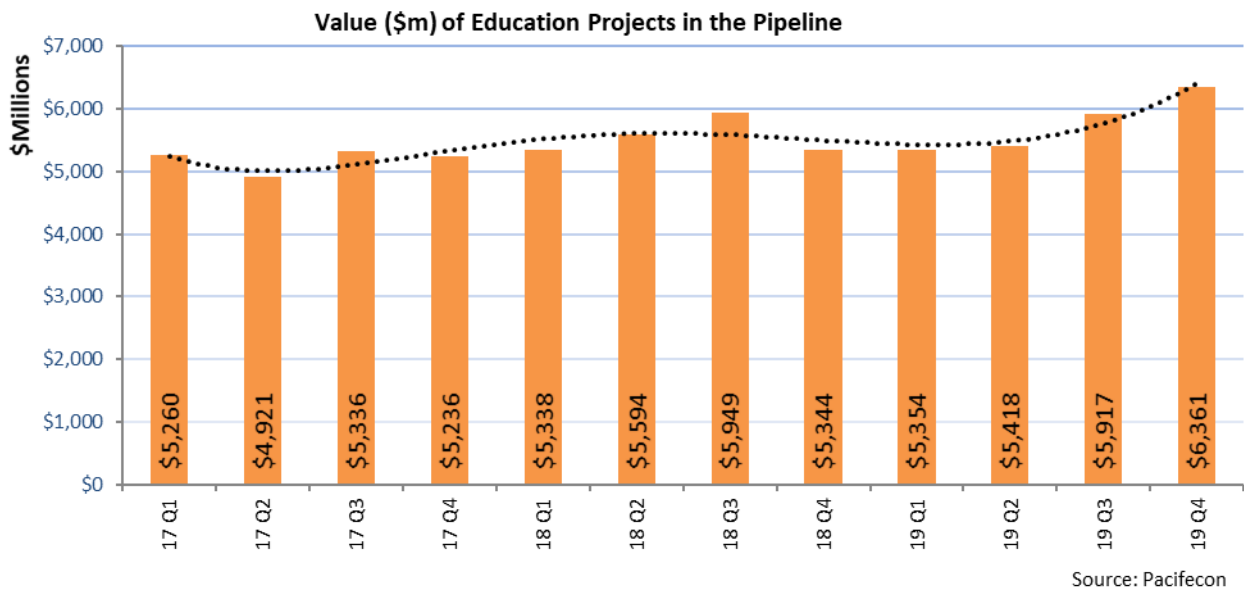
Value has trended upwards since 2012.

In the year to end 30 September 2019 change in number of consents was +2% & value growth was +9%.

Industrial consents represent 17% by number & 26% by value of all new non-residential building consents.



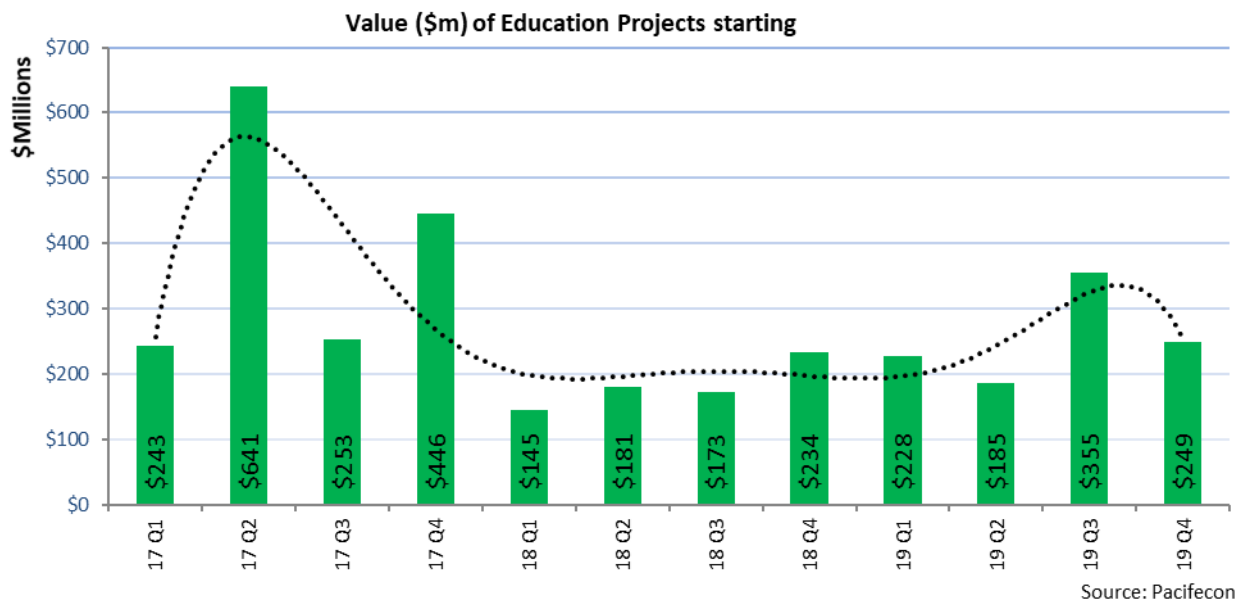
» Education Buildings



2019 Q4 compared to 2019 Q3 +8%

2019 Q4 compared to 2018 Q4 +19%

The 2019 Budget promised a 10-year \$1.2b investment in schools, starting with \$287m this year for new buildings.



2019 Q4 compared to 2018 Q4 +6%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +39%

Major increases in work starting for education building were when the following work started:

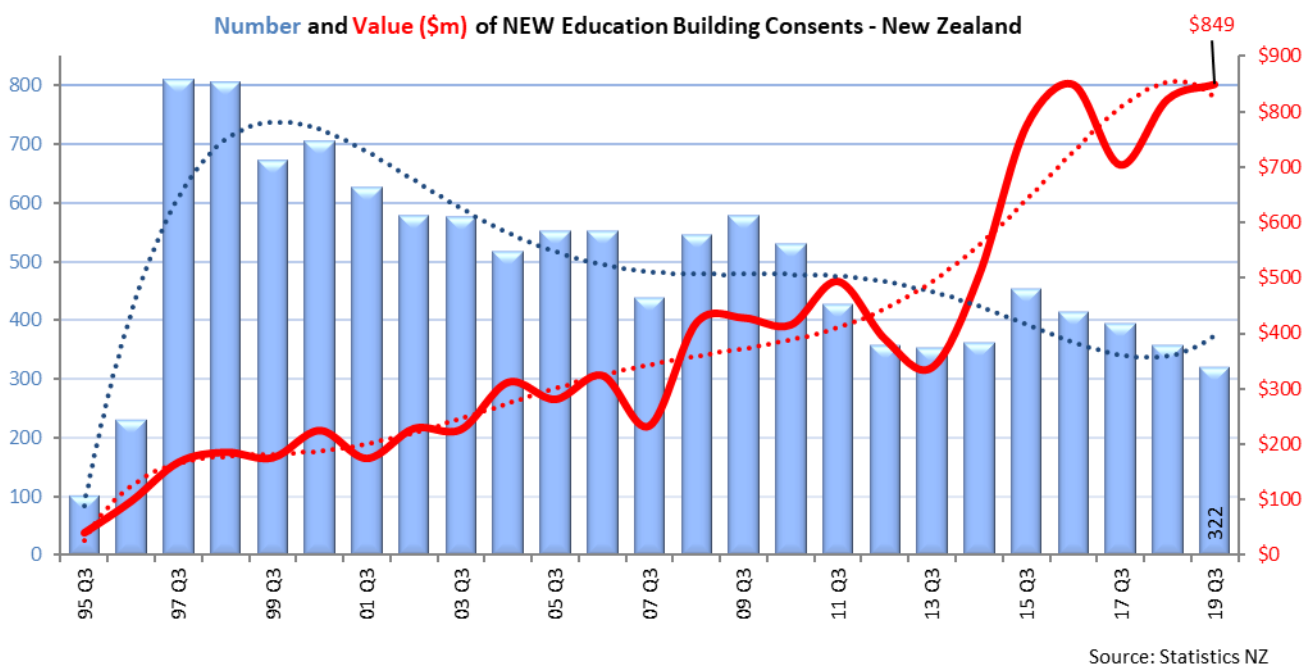
- 2017 Q2: I2637 \$282m Auckland, University of Auckland Engineering Building
- 2017 Q2: J1252 \$40m Christchurch, Avonside Girls High School EQ
- 2017 Q2: K7353 \$40m Christchurch, Shirley Boys High School Campus EQ
- 2017 Q2: S2317 \$27m Wellington, Wellington East Girls College
- 2017 Q2: N0866 \$26m Christchurch, Hornby High School Rebuild EQ
- 2017 Q4: X4119 \$116m Auckland, University of Auckland - Park West Building 507
- 2017 Q4: K9153 \$79m Auckland, Western Springs College Redevelopment
- 2017 Q4: S6482 \$39m Palmerston North, AgResearch/Massey Joint Food Science Facility
- 2017 Q4: K7950 \$30m Christchurch, Ao Tawhiti - New School EQ
- 2017 Q4: T0683 \$25m Otago, Otago Polytechnic Central Otago Hub – Overall
- 2018 Q3: O4441 \$30m Christchurch, Beatrice Tinsley Building, replacement of von Haast building.
- 2019 Q3: K8523 \$44m Christchurch, Linwood College rebuild EQ
- 2019 Q4: W2930 \$82m Auckland, Massey University Innovation Hub

The overall trend for number of projects has fallen over the last 20 years.

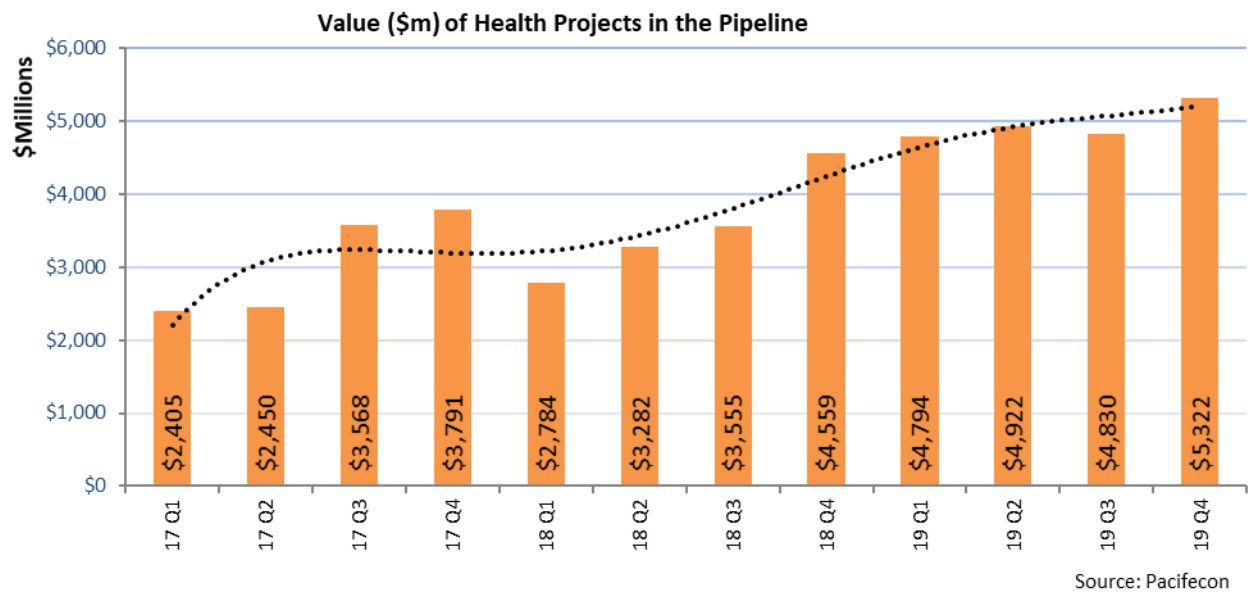
A smaller number of projects each with a higher value.

In the year to end 30 September 2019 change in number of consents was -10% & value growth was +3%.

Education consents represent 5% by number & 15% by value of all new non-residential building consents.



» Health Buildings

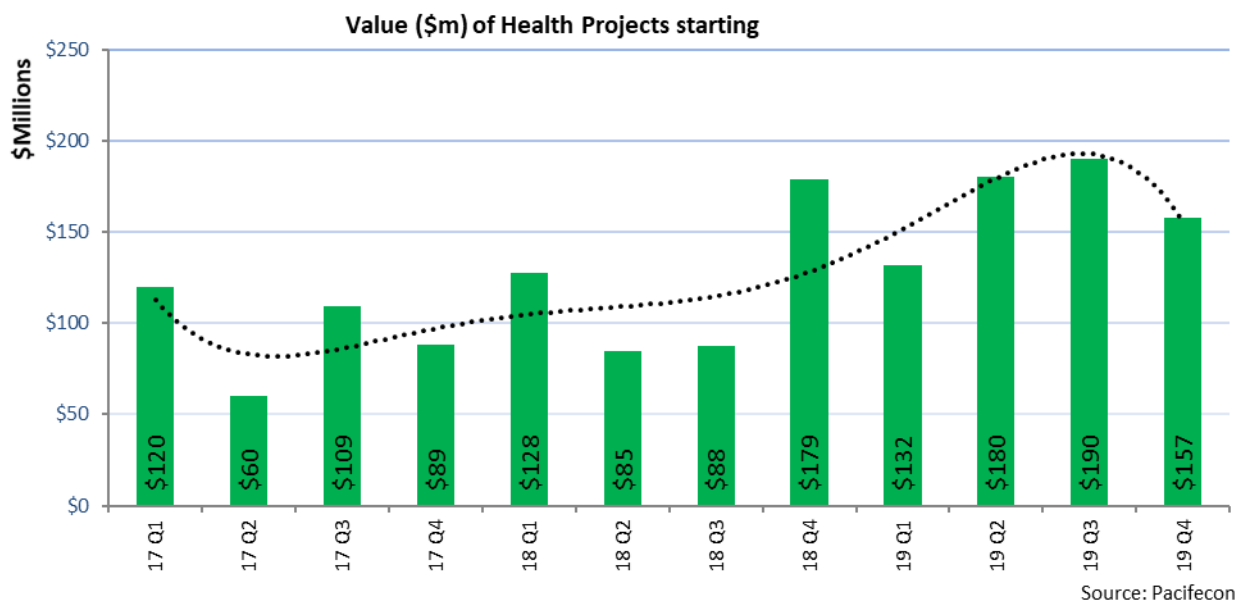


2019 Q4 compared to 2019 Q3 +10%

2019 Q4 compared to 2018 Q4 +17%

The 2019 budget promised \$2.9b is for investing in healthcare for DHBs & \$1.7b to fix hospitals.

Pacifecon is currently reporting 48 planned health projects at \$25m+ (of which 16 projects are at \$100m+).



2019 Q4 compared to 2018 Q4 -12%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +38%

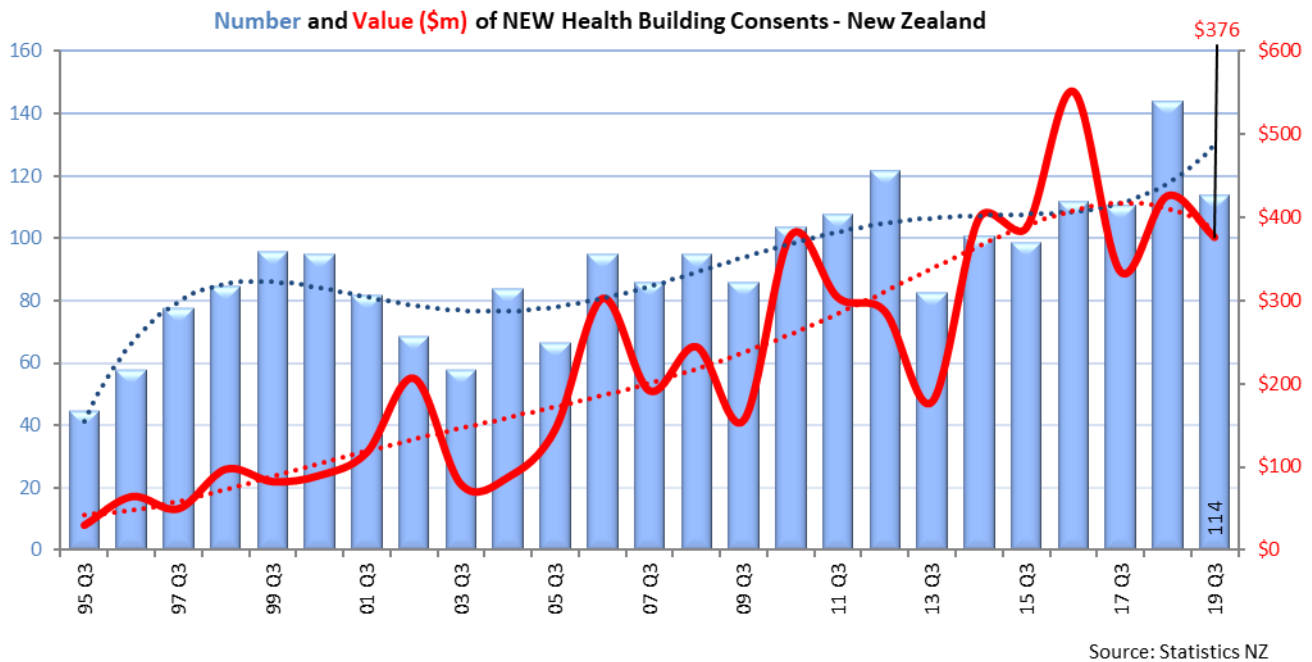
Major increases in work starting for health building were when the following work started:

- 2017 Q1 :U8034 \$40m Christchurch, CDHB Outpatients Building - Stage 2
- 2018 Q4: W9464 \$96m Wellington Children's Hospital, part funded by private donation
- 2019 Q2: O8578 \$67m Auckland, Acute Mental Health Unit Middlemore
- 2019 Q3: V2307 \$40m Nelson, retirement village care facility
- 2019 Q4: X6392 \$32m Auckland, Franklin private hospital
- 2019 Q4: Z2536 \$30m Tasman, Summerset Richmond Care Centre

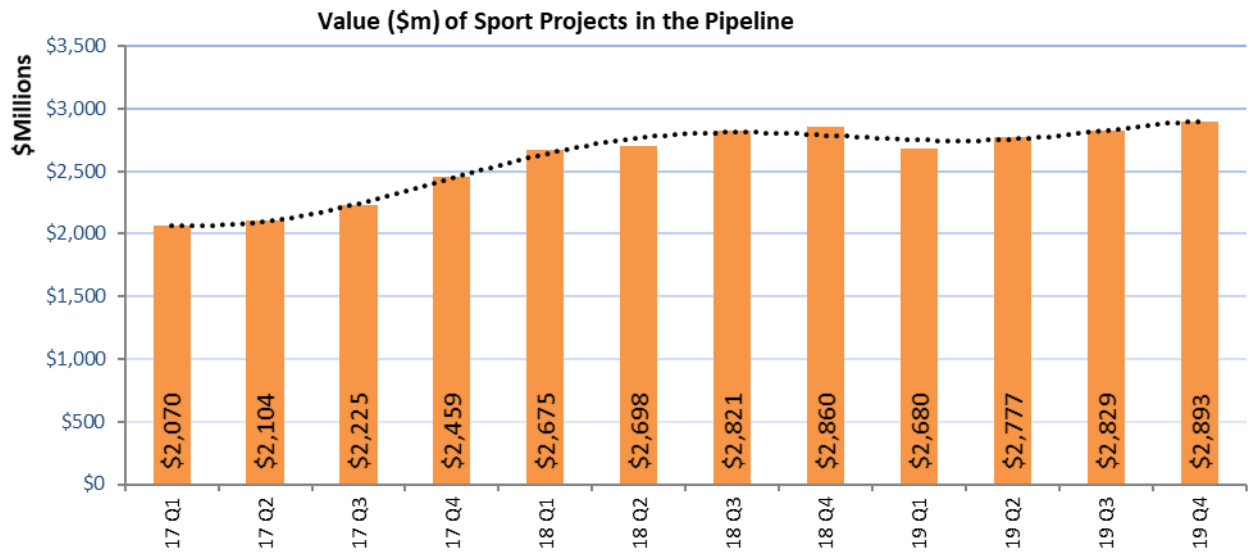
The number & value of new health building consents have trended upwards for the last 25 years. The 2011 Christchurch earthquake affected value considerably. Major projects have included U8034 CDHB Outpatients building & D3538 Christchurch Hospital Hagley Building.

In the year to end 30 September 2019 change in number of consents was -21% & value change was -12%.

Health consents represent 2% by number & 7% by value of all new non-residential building consents.



» Sport Buildings



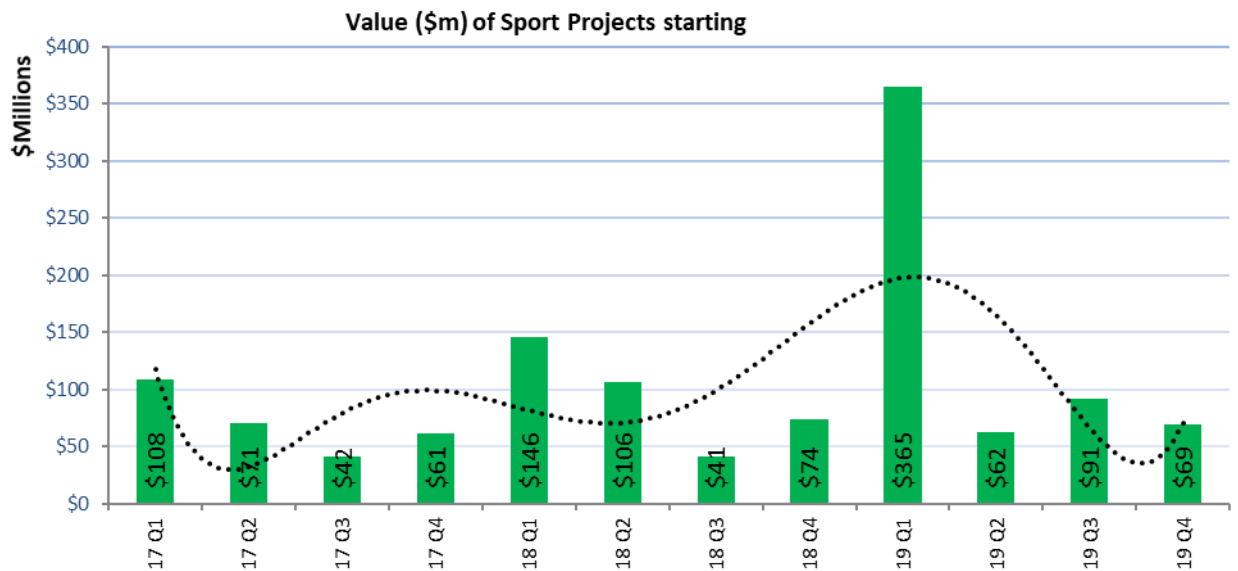
Source: Pacifecon

2019 Q4 compared to 2019 Q3 +2%

2019 Q4 compared to 2018 Q4 +1%

Major increases in the sport building pipeline were when the following were first reported:

- 2017 Q4: X8288 \$30m Bay of Plenty leisure centre & Y2741 \$38m Wellington sports training facilities
- 2018 Q1: Z0344 \$70m Canterbury sports complex



Source: Pacifecon

2019 Q4 compared to 2018 Q4 -6%

Year ending 2019 Q4 compared to Year ending 2018 Q4 +60%

Major increases in work starting for sport building were when the following work started:

- 2019 Q1: I9525 \$301m Christchurch metro sports facility contract was awarded.

» Notes regarding the Data

This report is based on projects known to Pacifecon & other publicly available information. All projects are continually reviewed & updated, changes to value of projects within the pipeline are reflected in the figures. Revisions may be applied retrospectively.

Trend lines are shown as dotted lines; they are included to demonstrate the general direction the sector or region appears to be heading.

Year ending: 12 months to date.

Quarters:

Q1 January – March

Q2 April – June

Q3 July – September

Q4 October – December

Construction sectors:

- **Commercial:** Shopping centres & retail outlets, hotels, motels, conference centres, theatres, libraries, museums, offices, retirement villages, welfare homes, hostels, laboratories, telecommunications & electronics, churches, clubs, bars, taverns, restaurants, defence, law, security, police stations, prisons, holiday parks & camp grounds, camp sites.
- **Education:** Schools, childcare centres, universities.
- **Health:** Hospitals, hospices, rest homes, health centres, ambulance stations, Plunket rooms.
- **Industrial:** Light industrial, breweries, airports, harbours, ports & terminals, railways, materials handling, warehouses, fire stations, abattoirs, cold stores, fisheries, boatsheds, marine farms, fuel storage, tankage for service stations, wineries, milk factories, dairy farms, laboratories, plant & equipment (for wind farms, dairy farms, factories), cranes / pumps for wastewater
- **Multi-category:** Development falls into multiple categories, particularly Commercial/Residential.
- **Residential:** Houses, Low-rise Apartments, High-rise Apartments.
- **Retirement:** Retirement Villages & Homes, Aged Care facilities (includes: Residential, Commercial, Health, Multi-Category).
- **High Density Residential:** Apartments, high-rise living, any properties attached by floor/ceiling.
- **Medium Density Residential:** Town houses, terraces, multi-units, any properties attached by walls.
- **Multi-Residential:** any project which has 3+ properties. These are often mixed densities.
- **Detached:** Stand-alone house.
- **Sport:** Swimming Pools, Sports Centres, Sports pitches, Golf Courses.

For graphs including past \$\$, all \$\$ are in \$ of the day, no adjustments have been made for inflation.

Pacifecon's residential sector includes multiple dwellings: Apartments, houses, retirement villages, residential accommodation, housing developments etc. In general, we do not report building consents with minor alterations or new dwellings less than \$200,000.

In the Pipeline: projects at any of the following stages: Early Planning, In Planning, Tendering.

Projects starting: projects that are under contract & likely to start within the next 3 months; projects at stage Commencing.

Projects cancelled: our policy of trying to identify projects at the earliest possible stage may mean plans do not always proceed as expected.

As local government, Ten-Year Plans are updated, the Pacifecon stage: 'Capital Intentions' which covers these more general statements of proposed forward capital expenditure are also updated. These \$amounts are not included in our pipeline of forward work - they are more strategic than specific construction work, but they will be on our research radar & are reported once projects are approved by councils.

NZ-wide consists of work which is National in nature, there may be work in all regions.

Lower Central North Island (LCNI) includes Gisborne/Hawkes Bay, Taranaki, Manawatu/Wanganui & Wairarapa.

Upper South Island (USI) includes Nelson/Marlborough & West Coast.

Lower South Island (LSI) includes Otago & Southland.

Pacifecon does cover Offshore projects & this includes work in the Pacific Islands (Fiji, Tonga, Samoa, Cook Islands) & Other (Papua New Guinea, Solomon Island, Timor & Micronesia). However, this is not included in this report.

Australian project coverage: In 2012 Pacifecon expanded their coverage to include Australia through a Strategic Alliance with Cordell/CoreLogic Information. Contact us now on projects@pacifecon.co.nz or call us on 09 445 0345 to discuss Australian project information.

All reasonable care has been taken in gathering, compiling & furnishing the information specified herein, but Pacifecon (NZ) Ltd. will not be responsible for errors, omissions, inaccuracies or lateness or liable for any claims, actions or suits arising directly or indirectly there from.

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