

Embargoed until 10:45am – 29 August 2008

Building Consents Issued: July 2008

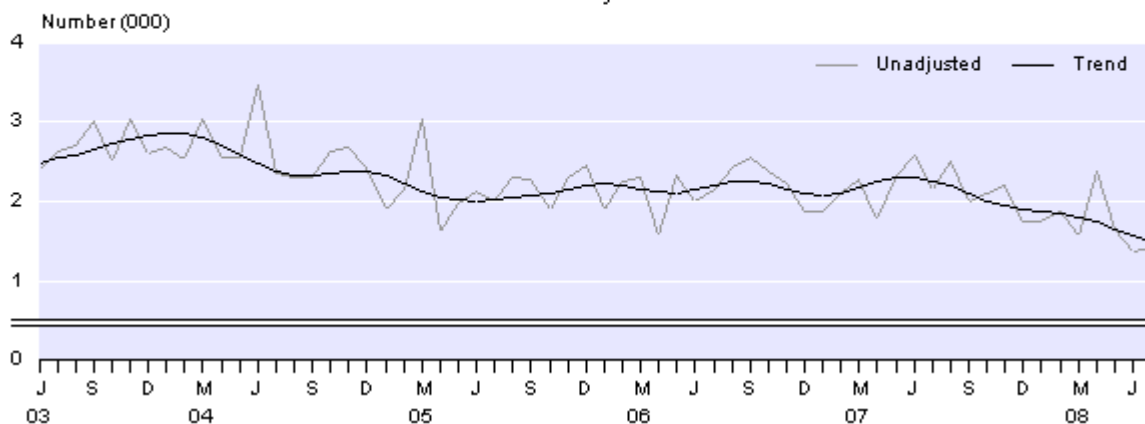
Highlights

- The trend for the number of new dwellings, including apartments, has been declining since June 2007.
- This trend has fallen 35 percent since June 2007.
- 1,410 new dwellings, including apartments, were authorised.
- Residential building consent values totalled \$491 million.
- Non-residential building consent values totalled \$349 million.

New Dwellings Authorised

Including apartment units

Monthly



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See also [Building Consents Issued: July 2008 – Media release.](#)

Commentary

Seasonally adjusted series

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 because of the impact of Easter being in March this year instead of April.

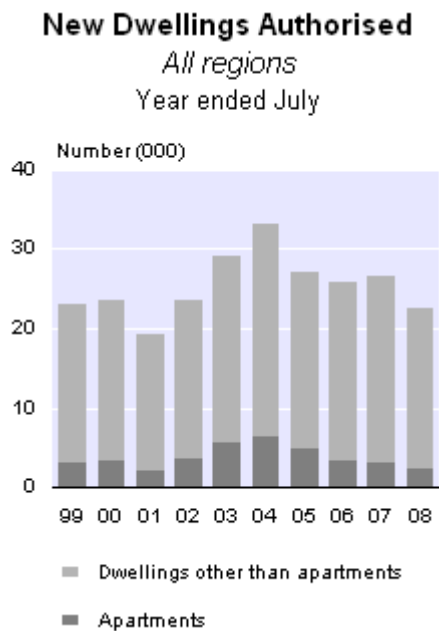
Residential buildings

In July 2008, consents were issued for:

- 1,410 new dwellings, including apartments, the second-lowest monthly total since February 2001, with the lowest since then being recorded in June 2008
- 1,297 new dwellings, excluding apartments
- 113 new apartment units.

The trend for the number of authorised new dwellings, including apartments, has been declining since June 2007, and has fallen 35 percent since that month.

In July 2008 compared with June 2008, the seasonally adjusted number of authorised new dwellings, including apartments, rose 4.7 percent, while excluding apartments, the number fell 0.1 percent.



For the year ended July 2008, compared with the previous July year, the number of authorised new dwellings, including apartments, fell 15 percent, and the number excluding apartments fell 14 percent.

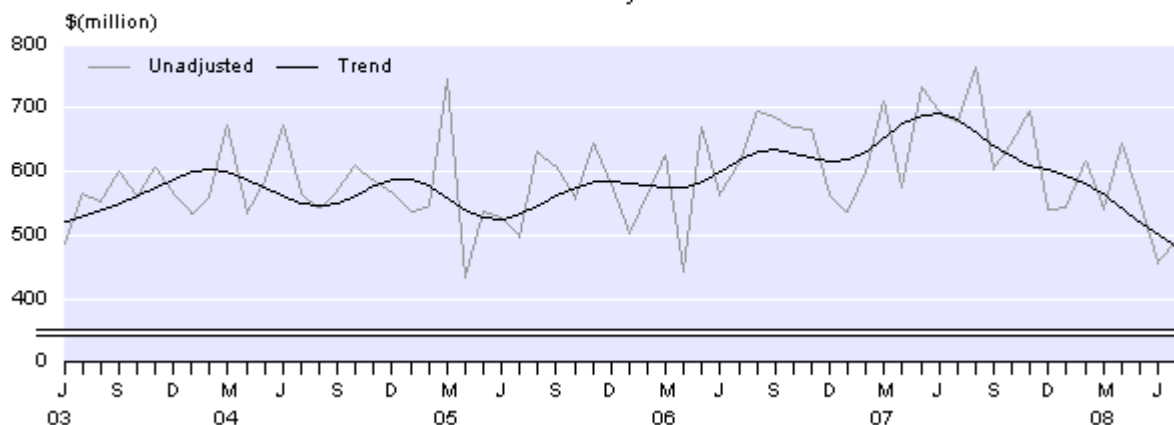
The value of authorised residential building consents was \$491 million in July 2008, a decrease of 28 percent compared with July 2007. In the past four years, there have been five months with a monthly value below \$500 million. The trend continues to decline from the peak in June 2007.

For the year ended July 2008, residential building consents valued at \$7,092 million were issued, a decrease of 9.1 percent from the July 2007 year.

Value of Residential Buildings Authorised

Including alterations and additions

Monthly



Regional residential results

In 14 of New Zealand's 16 regions, fewer new dwellings were authorised in July 2008 than in July 2007. Numbers fell by 427 units in the North Island and by 323 units in the South Island.

The largest regional decreases were:

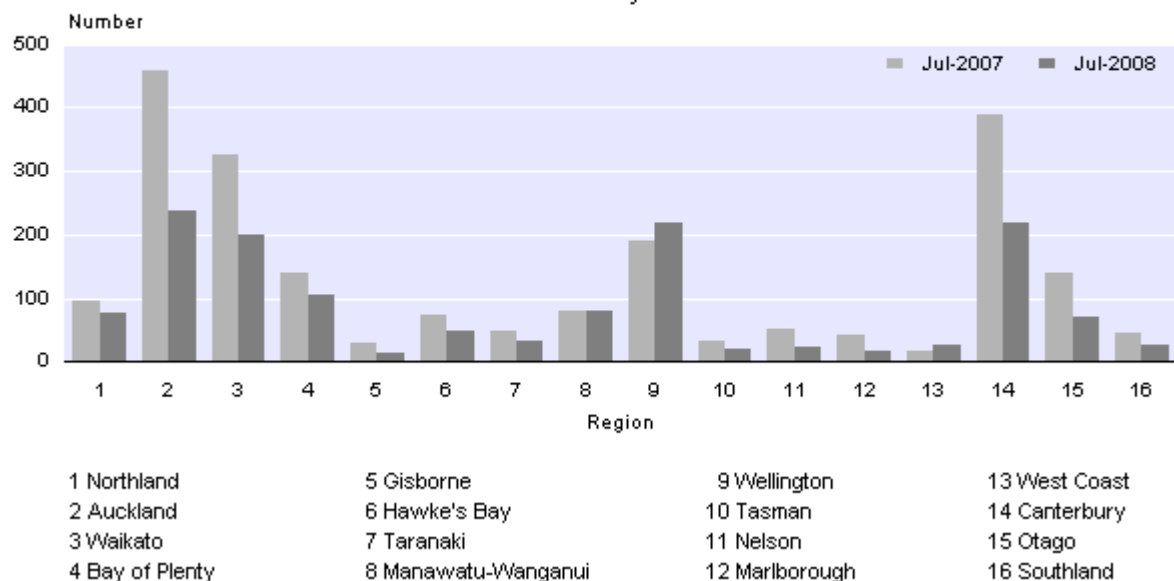
- Auckland, down 220 units, to 237
- Canterbury, down 173 units, to 217
- Waikato, down 126 units, to 199.

The largest increase was for Wellington, up 30 units, to 220.

New Dwellings Authorised

By region

Monthly



Non-residential buildings

The value of authorised non-residential building consents was \$349 million in July 2008, a decrease of 1.2 percent compared with July 2007. Six of the 11 building types recorded decreases in value.

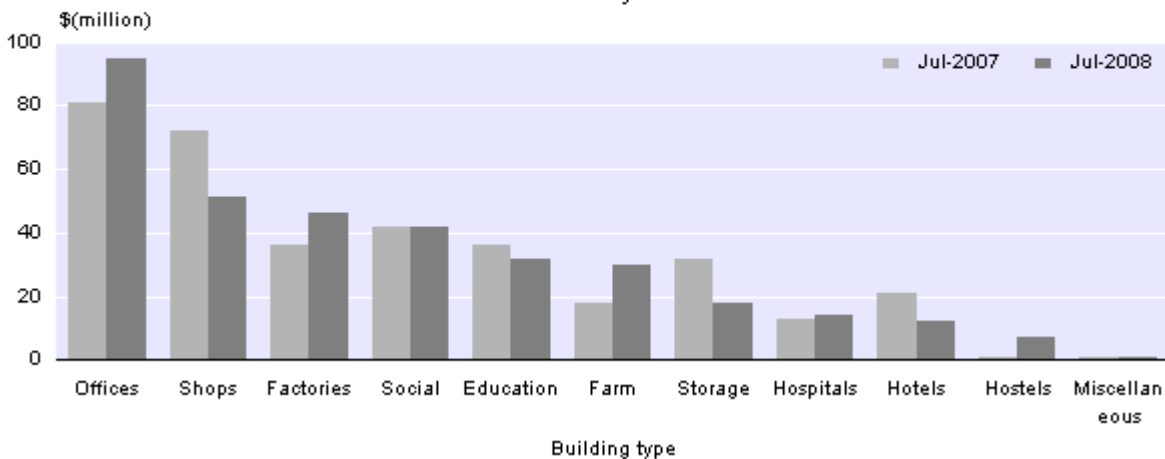
For July 2008 compared with July 2007, the largest changes were:

- Shops, restaurants and taverns, down \$21 million
- Offices and administration buildings, up \$15 million
- Storage buildings, down \$14 million
- Farm buildings, up \$13 million.

The largest contributors to the July 2008 value were:

- Offices and administration buildings, with 27 percent
- Shops, restaurants and taverns, with 15 percent
- Factories and industrial buildings, with 13 percent.

Value of Non-residential Buildings Authorised
By building type (including alterations and additions)
Monthly



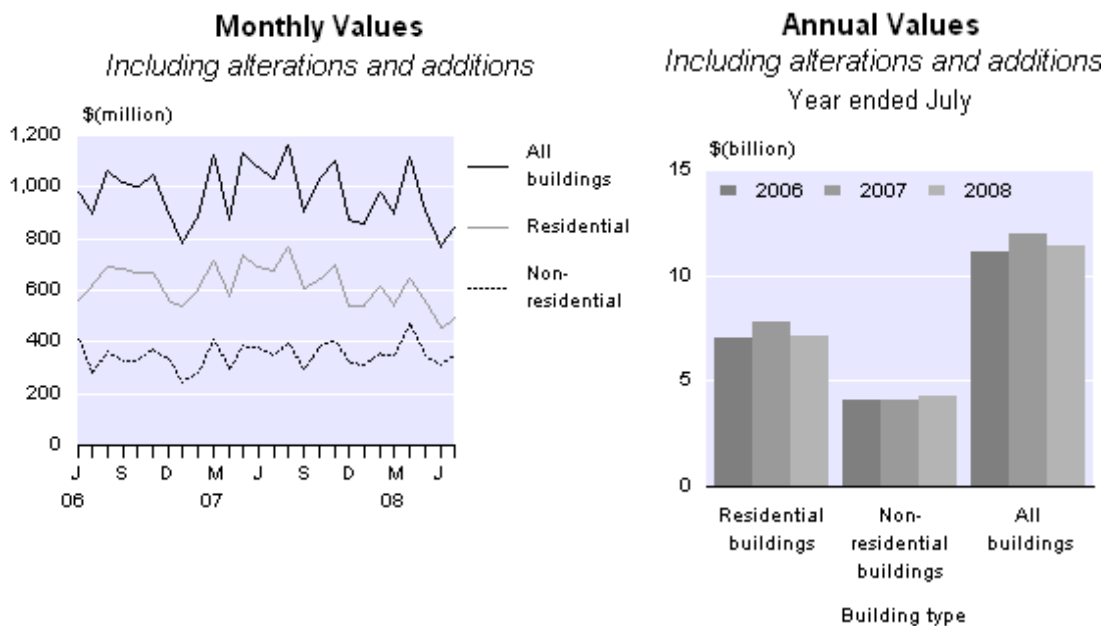
For the year ended July 2008, non-residential building consents valued at \$4,320 million were issued, an increase of 5.3 percent from the July 2007 year.

All buildings

In July 2008, the value of consents issued for all buildings was \$839 million, a decrease of 19 percent compared with July 2007.

Residential buildings contributed 58 percent to the total value of all buildings in July 2008, while non-residential buildings contributed 42 percent. For the previous 12 months, the average monthly contribution of residential buildings was 63 percent.

For the year ended July 2008, the total value of consents issued for all buildings was \$11,412 million, down \$495 million (4.2 percent) from the July 2007 year. For the latest year, the value of consents issued for residential buildings fell \$712 million while non-residential buildings rose \$218 million.



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Next release ...

Building Consents Issued: August 2008 will be released on 30 September 2008.

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

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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 – July
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