FEB 2025

ISSUE #9

THE PULSE

UNDERSTANDING FUTURE DEMAND FOR RESIDENTIAL AND COMMERCIAL CONSTRUCTION

BRANZ creditworks FORSYTH BARR EBOSS

INTRODUCTION

—— Welcome to **Issue #9 of The Pulse** - your quarterly degustation of local and global insights designed to help you understand the future demand for residential and commercial construction in New Zealand.

Alongside our partners **BRANZ**, **CreditWorks** and **Forsyth Barr**, EBOSS is proud to bring you these series of reports that combine insights and opinions from our expert contributors.

We'd also like recognise the **Ministry of Housing and Urban Development** for their continued input and contributions.

WHAT'S INSIDE?

In order to form a vision of the future, we take available data today and arrange it for analysis over 4 logical stages:

YESTERDAY

—— **Work completed**

TODAY

—— **Work under construction**

TOMORROW

—— **Work consented, but not yet constructed**

FUTURE

—— **Neither consented or constructed yet**

Front Cover Illustration Credit: Malcolm Walker

What you need to know in 60 seconds:

YESTERDAY

- Construction downturn continues, with completions down 8% year on year to September 2024, with some further declines expected in 2025
- Standalone homes remain more resilient than multi-unit developments
- Mortgage lending grows almost 20% in 2024, with signs of investors returning as interest rates are forecast to fall further in 2025
- Construction cost inflation eases, now only 2% year on year, providing more certainty for budgeting and pricing going forward

TODAY

- Merchants saw declines in October-December period, with weaker-than-usual end-of-year demand
- Building Merchant sales for January 2025 sales were flat, and February data was down -8.9% year-on-year, at ~$420m for the month
- Concrete sales, a good indicator of confirmed activity, were off ~10% from key data sources
- Evidence of increased Cash flow pressure for builders

TOMORROW

- Overall consents stabilise at ~33,500 annually, but stronger than expected given economic headwinds
- Canterbury and Otago remain bright spots, showing consistently strong construction activity
- Non-residential construction remains steady at ~$9.3bn consents annually
- A&A forecast to makeup 25-30% of consents in the non-residential sector over the next few years
- Net migration falls significantly easing rental demand but also reducing housing pressure
- Govt to turn to CHPs (private Community Housing Providers) to lead the way in increasing the supply of social and public housing

FUTURE

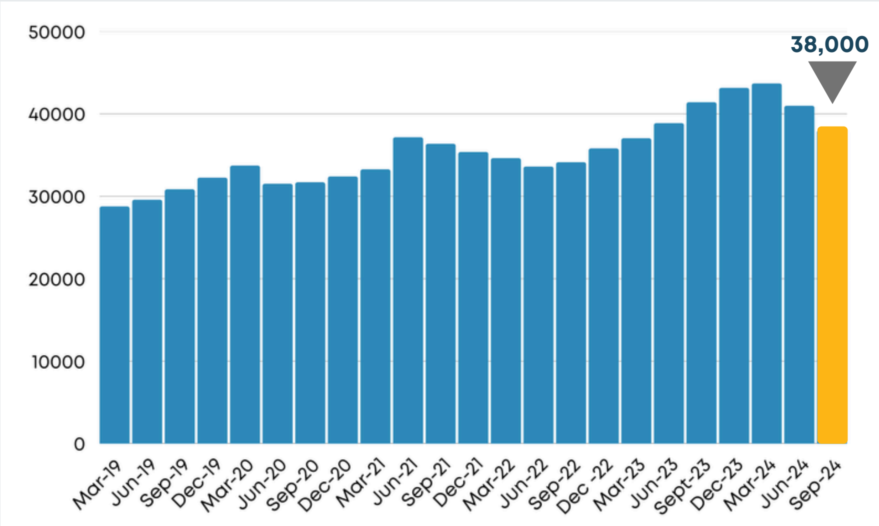
- Residential consent approvals forecast to rebound to 38,000 by 2027
- Standalone homes expected to make up 50% of dwellings consented in the next five years
- Affordability remains challenging - mortgage payments consume 39% of household income
- Future migration trends remain uncertain, but BRANZ predicts 35-36,000 consents per year for next 5 years will satisfy population growth
- BRANZ 2025 building consent forecast is $9.26bn for 2025
- Progress in Regional Hospitals programme to deliver 110 HCE-funded Health New Zealand projects over next 10 years

YESTERDAY

— Work completed

Our estimate of completions in new residential construction has decreased further from last quarter to circa **38,000** CCCs issued for the year ending September 2024, down 8% from the previous period (year ending September 2023).

Estimated National CCCs - Quarterly 12-month Rolling
Period: Mar-19 to Sept-24

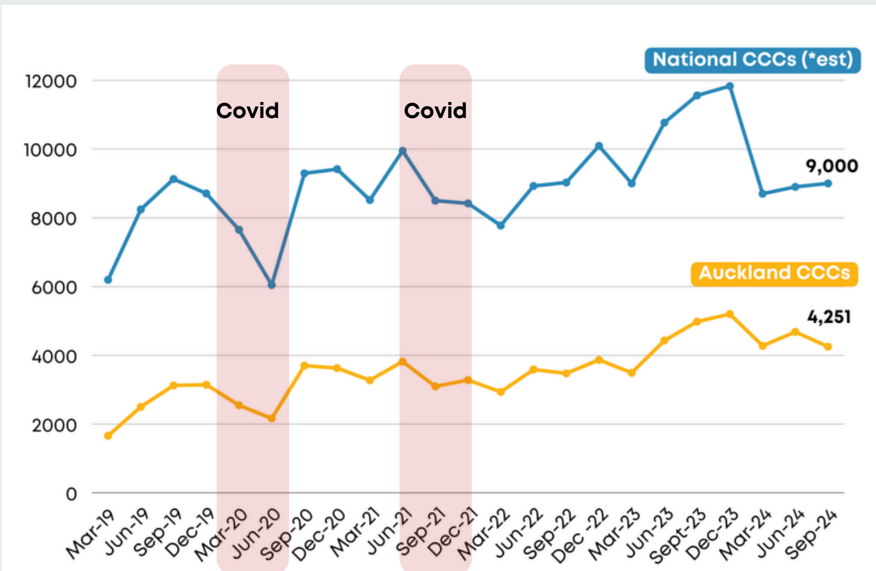


Source: Stats NZ | BRANZ

- We anticipate the number of quarterly 12-month rolling completions to continue to fall throughout 2025 due to the lower consenting levels seen in 2023 and 2024
- For a comparison, there is a 4,000 dwelling shortfall in consent approvals of ~34,000 dwellings in the same period

Reminder: the EBOSS/BRANZ estimation model is based on an Apr-24 dataset by Statistics NZ

National Estimated CCCs and Auckland Region Actual CCCs by Quarter Period: Mar-19 to Sep-24

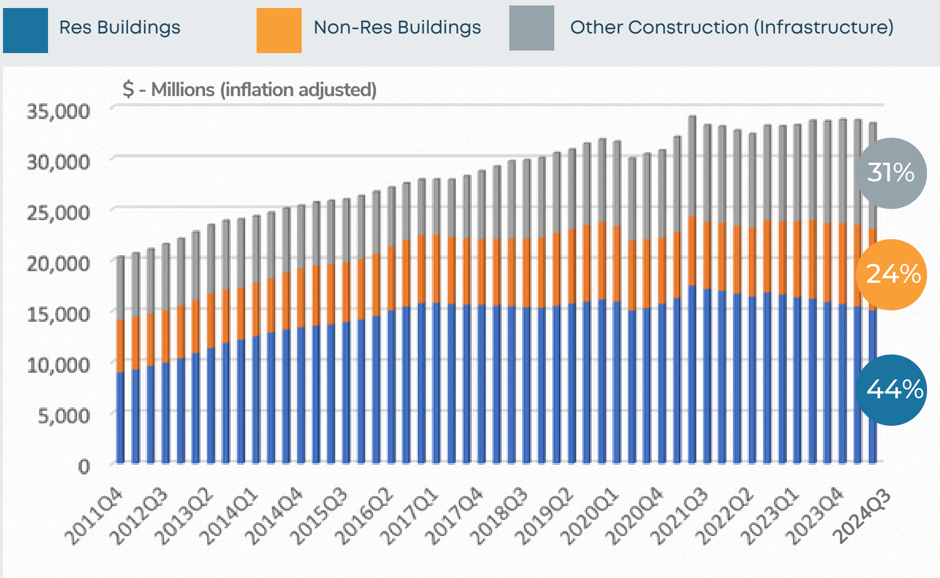


Source: Stats NZ & Auckland Council

- For the September quarter 2024, Auckland Council reported 4,251 completions (CCCs), a 9% decrease when compared to the June quarter
- In terms of project completion time for the September quarter, only 66% of CCCs were issued within 2 years of the Building Consent being approved
- When December data is released shortly, we expect the number to be similar and for Q1 2025 to fall away reflecting the declining consents trend

YESTERDAY

Gross Fixed Capital Formation Period: Dec-2011 to Sep-2024



Source: Stats NZ | BRANZ

- Construction activity continues its downward trend over the past few quarters, although activity (measured by expenditure) is still higher than pre-COVID levels
- Residential remains the dominant sub-sector, contributing **44%** of total activity over the previous 12 months
- Total activity was **down by 2%** from the previous year
- Residential has taken the biggest hit, **down 8%**, but this is largely mitigated by both the non-residential and other construction sectors growing by 2% and 4% respectively

Who's Borrowing What - FHB v Investor v Other Owner Period: to Feb-25

	Previous years:		Monthly:				
	Feb 2023	Feb 2024	Oct 2024	Nov 2024	Dec 2024	Jan 2025	Feb 2025
Total lending ($million)							
All borrower types	3,836	4,915	7,534	7,412	8,113	5,131	**5,847**
First home buyers	815	1,109	1,563	1,499	1,611	1,036	**1,113**
Other owner-occupiers	2,329	2,880	4,256	4,215	4,731	2,891	**3,426**
Investors	626	851	1,606	1,600	1,690	1,153	**1,207**
Business purposes	65	75	110	97	80	50	**101**

Source: RBNZ

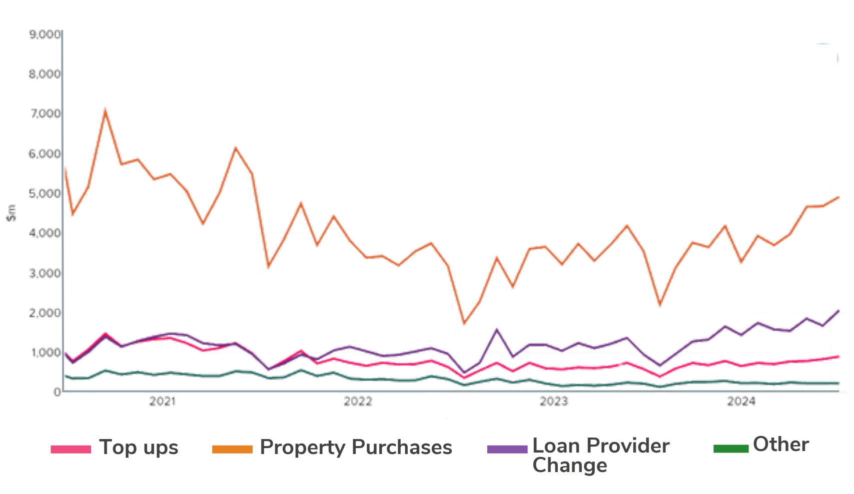
- Overall mortgage lending in 2024 was $75.2bn
- That's almost 20% up on 2023 figure of $62.1bn
- 2024 saw the re-introduction of interest deductibility
- The impact was seen from Aug-24 onwards with lending to Investors exceeding lending to First Home Buyers for the first time since 2022

- The share of new commitments to investors was 20.6% in Feb-25, up from just 17.3% in Feb-24
- There were a total of 58,400 new mortgage commitments written in the last quarter of 2024, and only 30,408 so far in 2025 (Jan and Feb)
- April's Monetary Policy Statement by the Reserve Bank saw the OCR (official cash rate) cut to 3.50%

YESTERDAY

Value of New Commitments by Loan Purpose

Period: Jan-20 to Dec-24

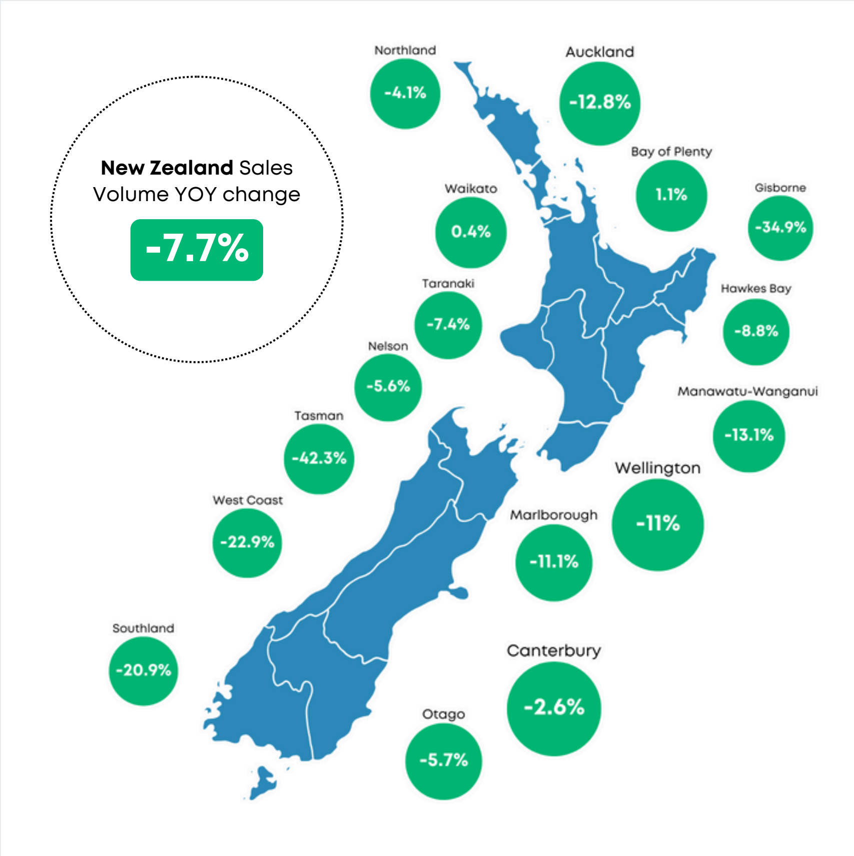


Source: RBNZ

- Property purchases continue to dominate lending over top-ups and switching loan provider
- December saw the highest amount of mortgage money committed for property purchases since Dec 2021 at $4.91bn
- ~$2bn or 25% of all new loan commitments were a result of changes in provider - the highest since the data series was introduced back in 2017

Residential Property Sales Volume YOY Change by Region

Period: Dec-2023 | Dec-2024 (seasonally adjusted)



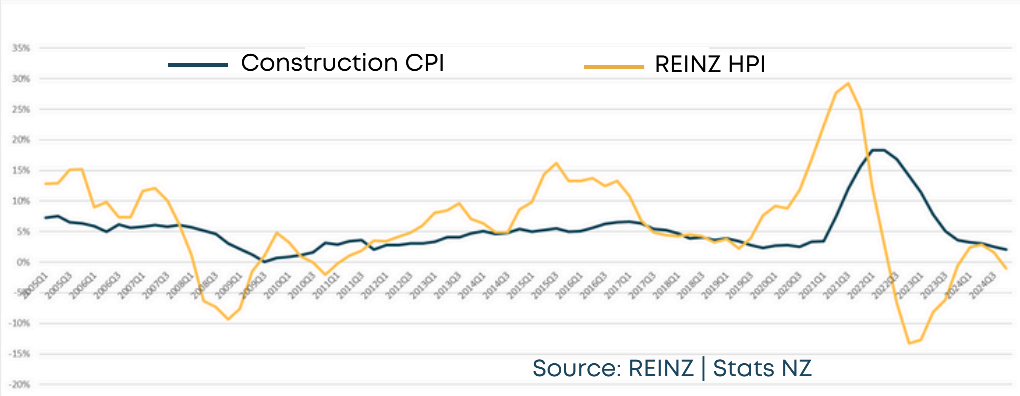
Source: REINZ

- Whilst December is generally a slower month for sales, December 2024 was particularly quiet
- The seasonally adjusted volumes are down across the board with only a few notable exceptions
- Canterbury was only down 2.6% compared to Auckland at -12.8% and Wellington -11%
- Some of the more extreme declines around the regions are more attributable to lower sales volumes anyway, so prone to greater percentage changes
- The property market is expecting further interest rate cuts in the first half of 2025, so it's likely that market activity will pick up again
- However, the high level of listings, up 20% compared to Dec-23, will keep a lid on significant price rises, at least for the first half of the year assuming demand increases and the backlog begins to clear

YESTERDAY

Construction Cost Inflation vs House Price Inflation Period: Q1 2005 to Q3 2024

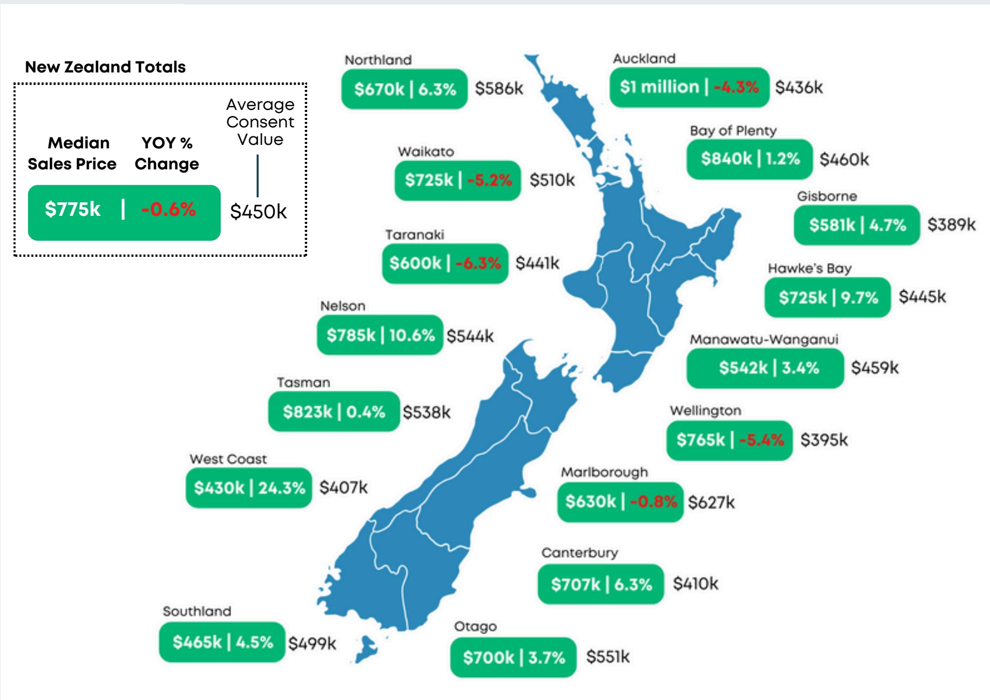
- Construction Cost Inflation (CPI) has fallen again – from 2.2% annually in September to 2% in the December quarter
- Industry feedback from builders and developers nationwide confirms overall activity has slowed, putting downward pressure on both costs and margins



- This stability is encouraging as it allows those estimating the cost of building to have more certainty on future inflation, which in turn provides more confidence for buyers and lenders
- Whilst house prices have rebounded a little in the second half of 2024, the rate of annual House Price Inflation (HPI) has fallen back slightly - this is more of an effect of the annual comparison than the current state of the market, which have been reacting to the existing and forecast interest rate levels
- As construction costs have risen more than house prices over the past few years, there is still a gap in actual terms between building new and buying existing housing, but stability in the construction cost and more confidence in the housing market in general should provide more confidence for builders and building product suppliers in the medium term

Cost of New Builds v Existing Housing Period: Dec 2023 to Dec 2024

Chart shows median sales price vs average consent value, by region



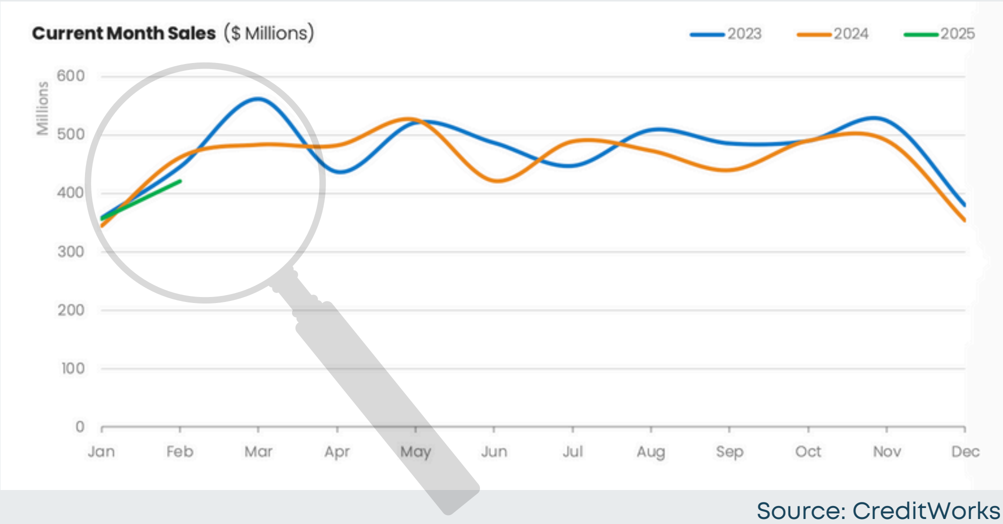
Source: REINZ | Stats NZ

- The median sales price was particularly volatile over the last part of 2024, with much change month to month and across the regions
- Whilst interest rates have fallen and buyer interest is reported to be increasing as costs of borrowing fall, there is a higher volume of stock for sale than in recent years, which will keep a lid on price increases in the short term
- Forecasts for house price growth over 2025 vary from 3% to 8%
- In terms of typography, consents of standalone houses are generally remaining resilient, with townhouses and apartments declining as demand remains low
- This will be causing average consent values to rise slightly

TODAY

Work currently under construction

Building Merchant Current Month Sales Period: Monthly to **Feb-2025**



Month-on-Month

18.1%

Monthly sales increased by 18.1% from January 2025 to February 2025.

Year-on-Year

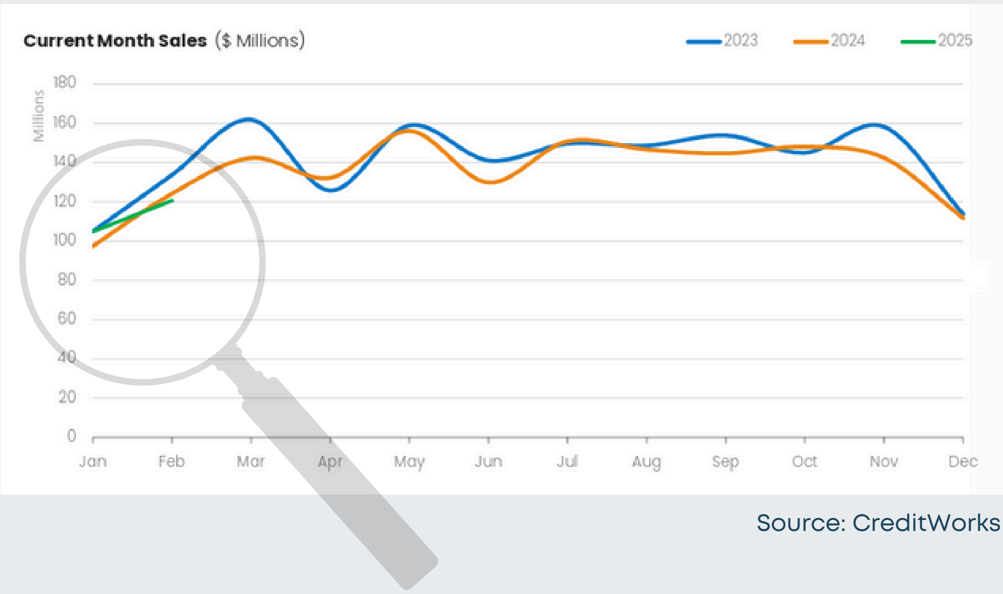
8.9%

Monthly sales for February 2025 were 8.9% lower than February 2024.

Source: CreditWorks

- Building Merchant's current month sales data, above, shows the resilience during the first half of 2024, often nudging the magic $500m a month mark. However, from August the trend began to fall away
- Most notably the spring leap and end of year race to Christmas was missing in the numbers
- 2025 started with a flat January year-on-year for Building Merchant sales, and **February data reported sales down -8.9% year-on-year, at ~$420m for the month**
- Fletcher Building's 6 monthly update on 19 February suggested the expectation of a lift has faded now to the second half of 2025

Electrical Merchant Current Month Sales Period: Monthly to **Feb-25**



Month-on-Month

15.1%

Monthly sales increased by 15.1% from January 2025 to February 2025.

Year-on-Year

2.9%

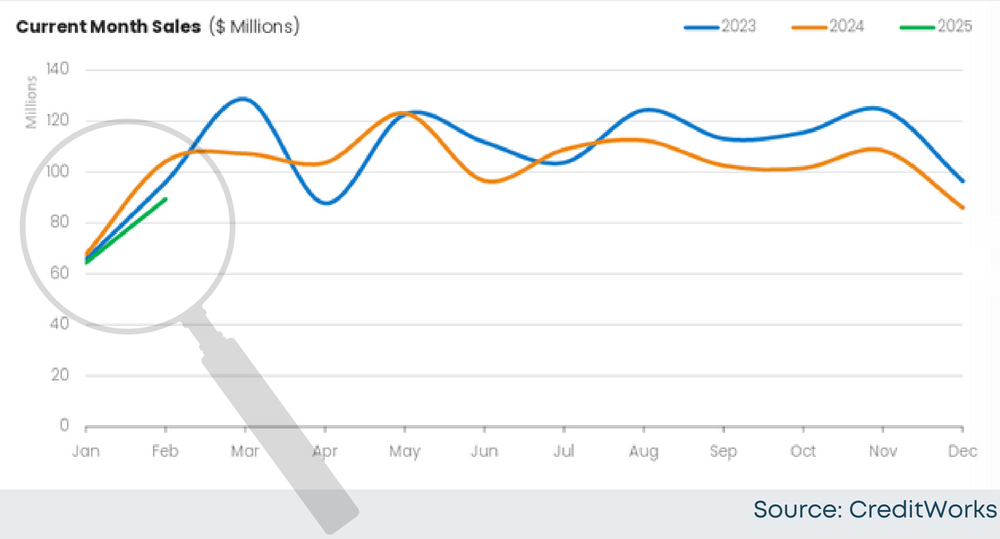
Monthly sales for February 2025 were 2.9% lower than February 2024.

Source: CreditWorks

TODAY

Concrete Merchant Current Month Sales

Period: Monthly to **Feb-25**



Month-on-Month

38.8%

Monthly sales increased by 38.8% from January 2025 to February 2025.

Year-on-Year

14.2%

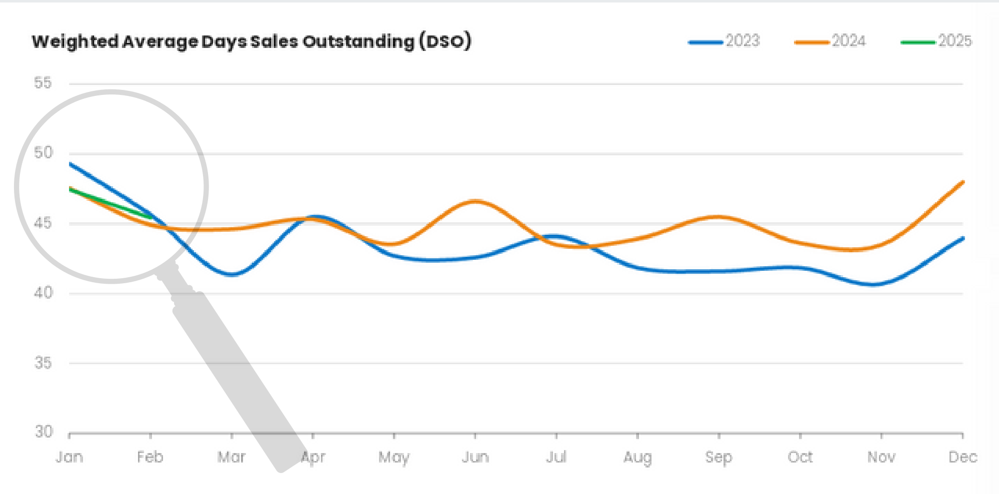
Monthly sales for February 2025 were 14.2% lower than February 2024.

Source: CreditWorks

- The chart above plots Concrete Merchant Sales - seen as a good barometer of confirmed construction activity. Whilst not adjusted for inflation, 2024 sales showed resilience through to mid year, however since August have fallen consistently and now, Feb-2025 sits -14% lower when compared to Feb-24
- For comparison, Stats NZ's Dec 2024 quarter ready-mix concrete (RMC) volumes saw a drop of 7.7% when compared to the same period in 2023

Building Merchant Days Sales Outstanding Period: Monthly to **Feb-25**

How long it takes Building Merchants to collect their account receivables



Month-on-Month

4.3%

Weighted average DSO decreased by 4.3% from Jan-25 to Feb-25.

Year-on-Year

1.1%

Weighted average DSO was 1.1% higher in Feb-25 vs Feb-24.

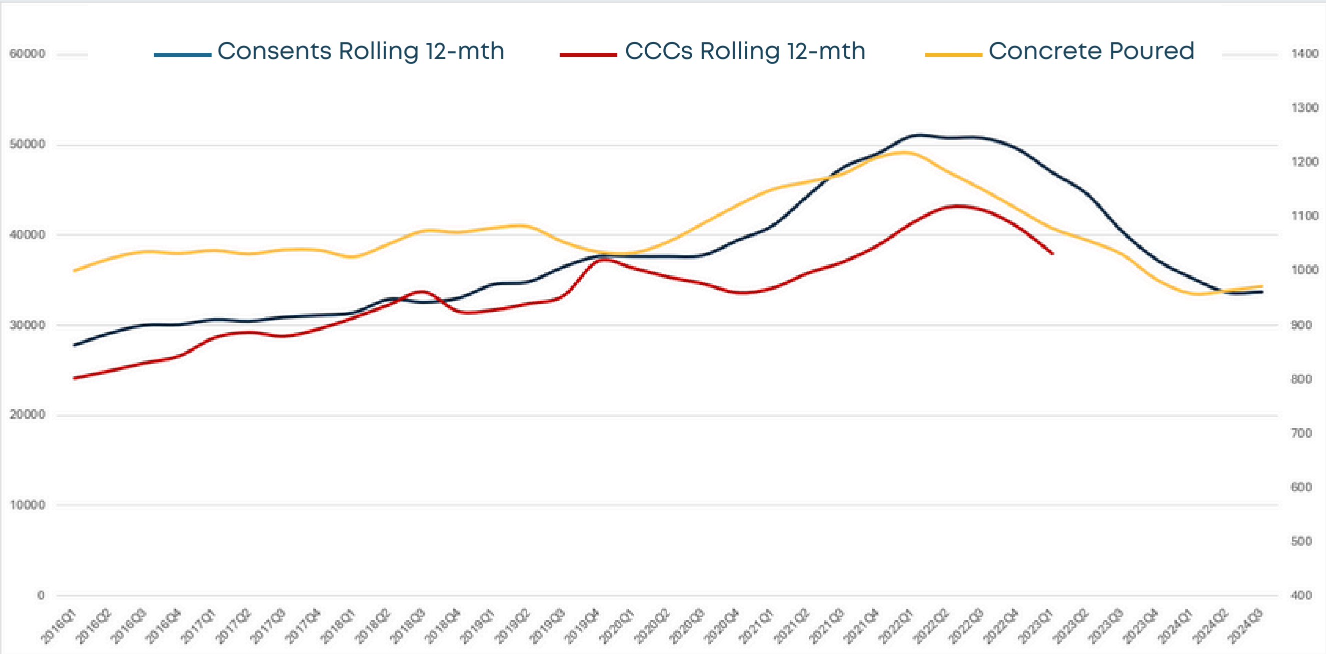
Source: CreditWorks

- Feb-25 Building Merchant data provides a health check with the '**Days Sales Outstanding**' numbers suggesting that builders' cashflow is coming under increasing pressure
- Note: IRD have had a strong focus on the construction industry of late, which has some of the highest levels of unfiled returns and overdue payments. Recently IRD ran a campaign contacting 40,000 building businesses issuing a final demand to pay their overdue taxes

TODAY

- Whilst building consents are a good indication of the intent to build, the volume of concrete poured can provide a measure of new construction activity with the issuance of Code Compliance Certificates (CCCs) showing the number of completed dwellings
- The chart below shows the rolling 12 months of dwelling consents, plotted against the date the consent was issued
- To help understand the relationships we have brought CCC data forward 18 months, based on 2022/23 median time to completion of 500 days
- Stats NZ's series on the volume of ready-mix concrete produced includes commercial and infrastructure as well as residential, but historically it has tracked residential activity as well

CCCs Issued (advanced 18 months) v Building Consent Approvals v Concrete Poured (RHS)
Period: Quarterly Mar-16 to Sep-24



Source: Stats NZ | BRANZ Estimates

What does this show us?

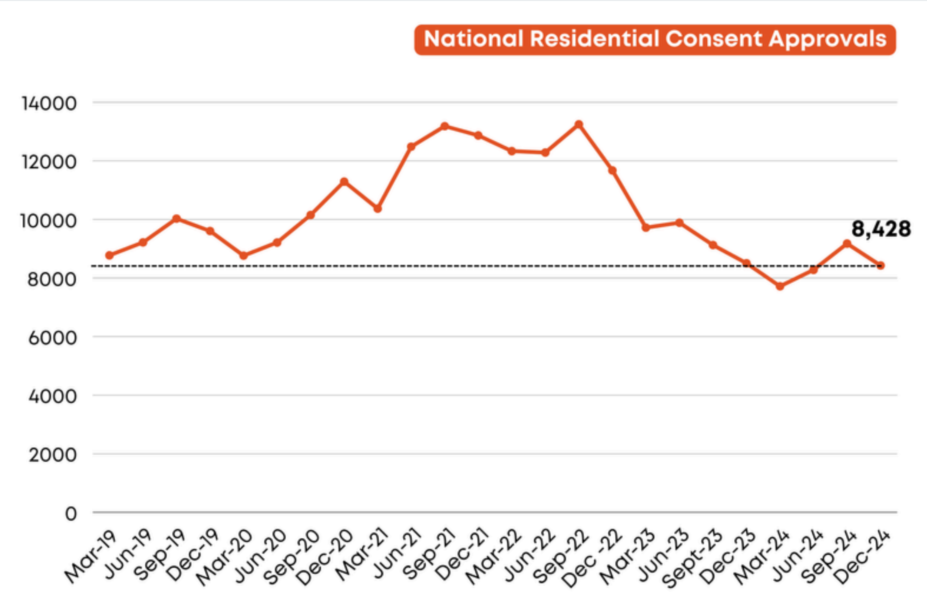
- Whilst the rate of decline for estimated CCCs issued continues to fall as expected, the past two quarters have thrown up some surprising changes to the trend
- Whilst Consents issued was widely expected to continue to decline, they have held up remarkably despite the continued economic headwinds, levelling out at around 33,000 consents per annum
- This stabilisation in the headline number of consents does mask some changes below the surface, with consents for standalone houses increasing in many parts of the country, but townhouse developments continuing to decline
- Interestingly, however, the volume of concrete poured has also stabilised, with slight increases reported in Canterbury, where the construction sector has remained particularly resilient

TOMORROW

Work consented, but not yet constructed

Quarterly Number of Current Residential Consent Approvals

Period: Mar-19 to Dec-24



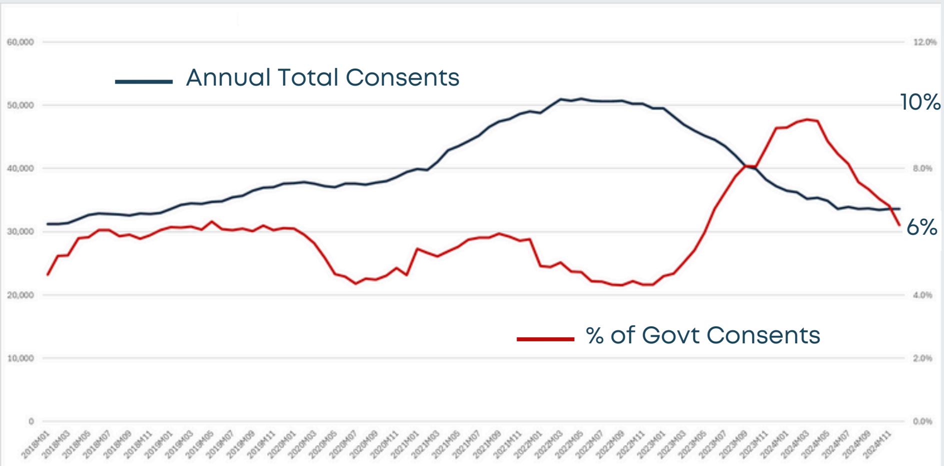
Source: Stats NZ

- Consent approvals are at **8,428** for the final quarter of 2024, on par now with the same period last year (8,505) as we see some stabilisation
- Total residential consents for 2024 settled ~10% lower than 2023 at 33,600
- The decline was driven by a ~17% drop in higher density consents, while detached housing remained flat
- Monthly consent levels have remained in the 30-35,000 range all year
- Total value has remained roughly unchanged but floor area has dropped ~10%

Central Govt Dwellings Consented as % of Total

Period: Mar-18 to Dec-24

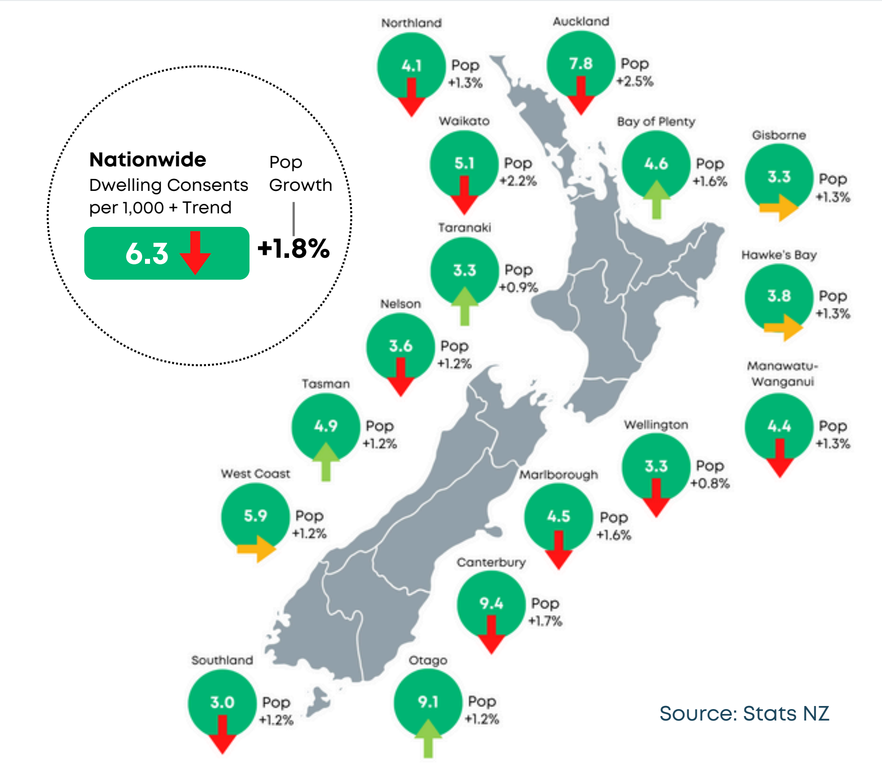
Source: MHUD



- The proportion of consents that represent Govt or KO social housing projects sat at just over 6% at year end
- Through much of the Labour Govt the proportion was 4-6%, with an increase to almost 9 % by the time we transitioned to National in early 2024
- From quarter 2 we've seen a decline, until on 4 Feb the Govt announced far reaching changes for KO
- KO will now focus on its core role as a landlord, managing the 78,000 homes in the state housing stock
- Around 800 state homes on land in suburbs like Remuera will be sold, with more in subsequent years, with the potential to sell off bare land bought previously for redevelopment
- It's expected that the Govt will turn to CHPs (private Community Housing Providers) to lead the way in increasing the overall supply of social housing
- Moving forward it will be harder to examine the comparative numbers as we have done in the past
- Clearly CHPs will need support as they scale up to take further responsibility for the growth of socal housing

TOMORROW

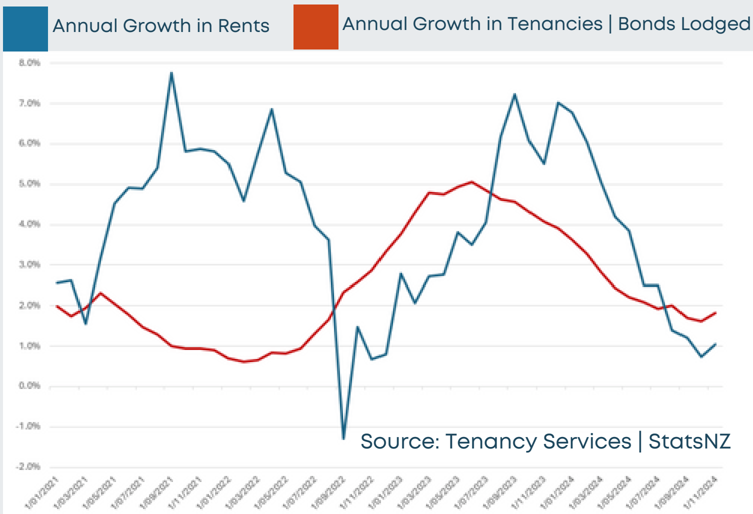
Dwelling Consents per 1,000 Population by Region with Trend Direction and Population Growth Period: Year to Dec-24



- The number of residential consents per 1,000 residents continues to fall overall, with the national number falling from 6.4 to 6.3 over the past 6 months
- Whilst off a peak of 9.7 in Dec-21, this is still above the longer term averages
- Most regions have seen continued falls or no change
- Taranaki, Otago and Tasman regions have all seen consents rise with Otago benefiting from recent Queenstown developments
- Net migration has significantly fallen from its 2023 peak of 133,000 to 30,600 in the year ending November 2024. This drop in net migration has contributed to a slight easing in population growth

Rental Bonds Trends

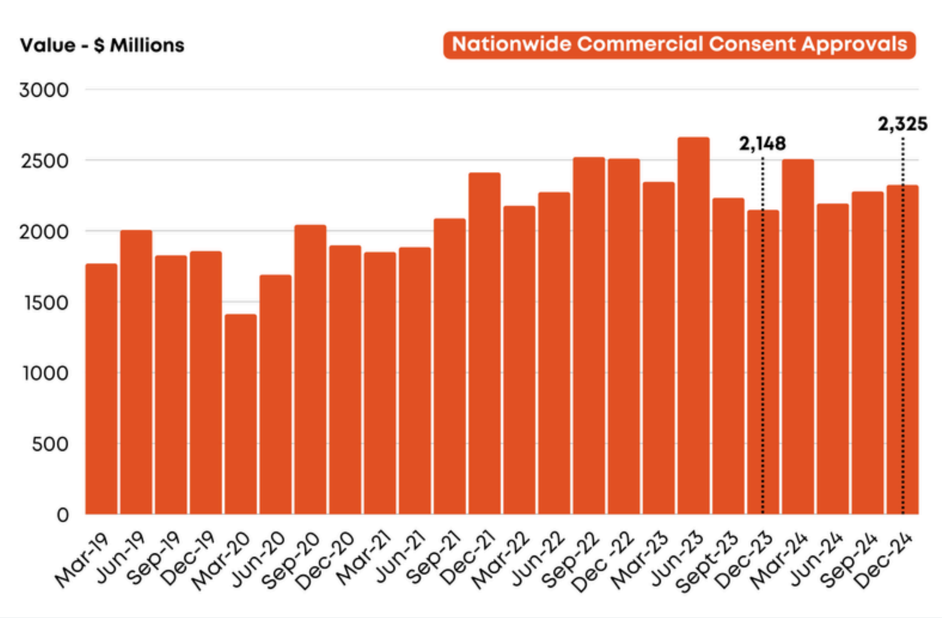
Period: Jan-21 to Nov-24



- The growth rate for new tenancies (as measured by bonds lodged with Tenancy Services) fell considerably over 2024, most likely as a direct result of declining migration
- The number of tenancies in Nov-24 was 1.8% above Nov-23, and showed a slight increase on October, but it is too early to tell if this is a change in trend or just some volatility in the data
- As demand eased for rental accommodation, rental inflation for new tenancies also fell, so whilst rents are still rising in most part of the country, they are only 1.8% above the same time last year
- This might make investment in rental accommodation less attractive in the short term, although other factors such as lower interest rates and perceived potential for future house price growth also play their part

TOMORROW

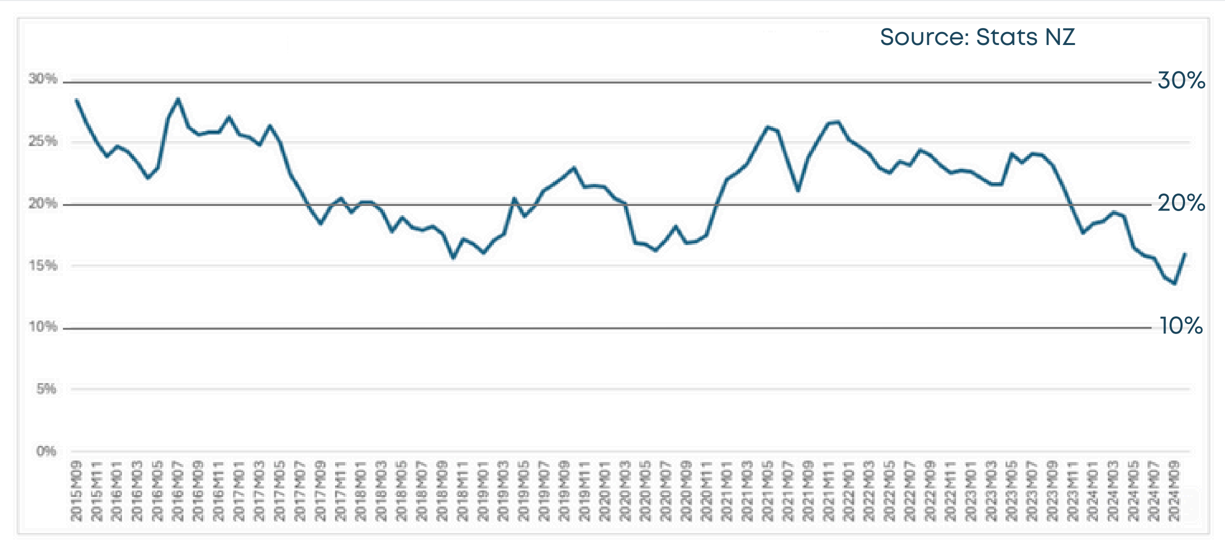
Quarterly Value of Current Non-Residential Consent Approvals
Period: March-19 to Dec-24



Source: Stats NZ

- Annually non-residential consents are stable at ~$9.3bn, although note that this 'value' series is influenced by price changes (construction CPI at 2% in the year ended Dec 2024)
- Looking closer, floor area consented in 2024 was down by 14% when compared to 2023, indicating that we're consenting less floor area for the same value
- Some of this can be explained by Health buildings and Office/Admin/Public Transport buildings dominating consents and requiring higher value construction

Central Government v Total Non-Residential Consents by Value
Period: Sep-15 to Sep-24

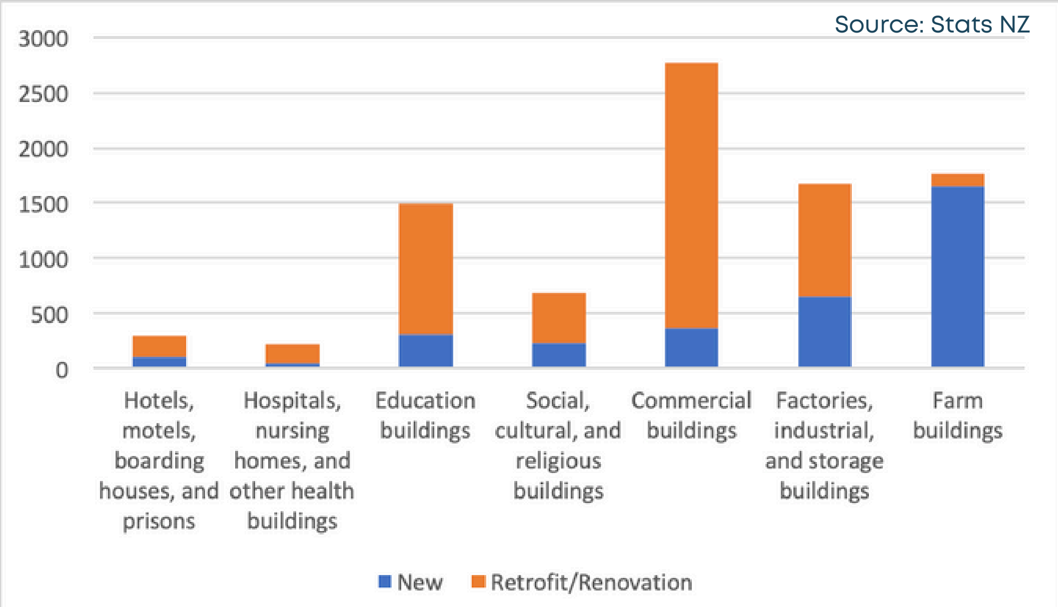


- The chart above plots central government projects as a percentage of total non-residential consents
- From early 2024, when the National government paused a number of school and health projects to review state-funded activity, you can see the impact on the series, dipping to 14% until Sept/Oct when some significant projects got released again
- As many commentators have stated, this is a very unusual time with government cutting back residential and non-residential construction commitments
- The market is looking for short term certainty and funding to deliver growth

TOMORROW

Quantity / Number of New Commercial Consent Approvals Year-ending Q4 | 2024

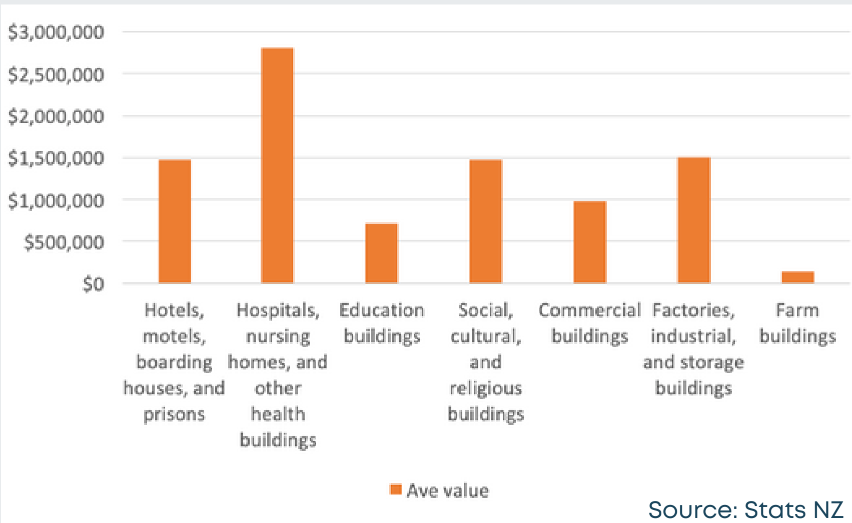
By Type and New vs Refit/Renovation



- **Commercial buildings** were the dominant building type over the past 12 months to Dec-24 with almost 2,800 total building consents issued
- The vast majority (87%) of these were **Alteration & Addition (A&A)** and typically represent fit-outs
- Farm buildings were the next most consented building type, but have a significantly different profile, typically low-cost new builds with an average build value of $145,000
- Note the small number of new school buildings - surely this needs to change in the near future

Value of Commercial Approvals Year-ending Q4 | 2024

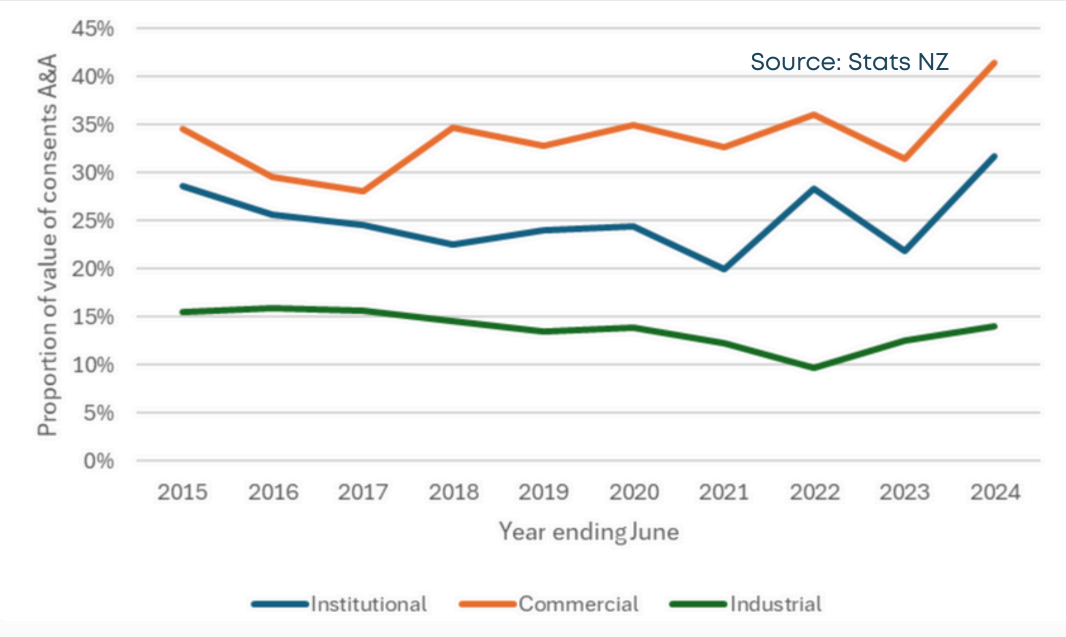
By Type and Average Value



- There were a relatively small number of health building consents, but they were of a high average value
- However, the average value of a health building consent over the last 12 months to Dec-24 was $2.8m, down from $4m to the year ended June-24
- The average cost of school buildings are lower due to the current low number of new build consents
- Accommodation buildings, social/cultural/religious buildings, and factories/ industrial/storage buildings all had an average value of over $1m

TOMORROW

Alterations and Additions Proportion of Total Non-Res Consent Value
by 3 groupings of building type | Period: 2015 to 2024



- The proportion of consents by value that were Alterations and Additions (A&A) was relatively stable throughout the pre-COVID period
- Industrial consents were more likely to be new builds, with just 10-15% of the consent value for A&A
- For Commercial the A&A portion sits at 30-35%, and Institutional sits at around 25-30%
- Each grouping shows some volatility in consenting levels as each responds to needs at that time
- For example, consenting levels for Industrial buildings between 2020 and mid-2022 increased as manufacturers and suppliers required greater storage capacity due to supply chain constraints

A rough guide for A&A consents for non-residential buildings going forward

- Many building product suppliers have developed solutions perfect for renovating, or bringing the building's compliance requirements up to code - so what's the future opportunity?
- If we look at the historical data, we can get a good sense for the expected levels of A&A consents
- To estimate the likely value of these consents, we consider both what proportion of consents are likely to fall in each building grouping and what proportion of consents in each grouping would be A&A consents

Institutional	~40% of all consents	with ~30% being A&A
Commercial	~30% of all consents	with ~35% being A&A
Industrial	~30% of all consents	with ~13% being A&A

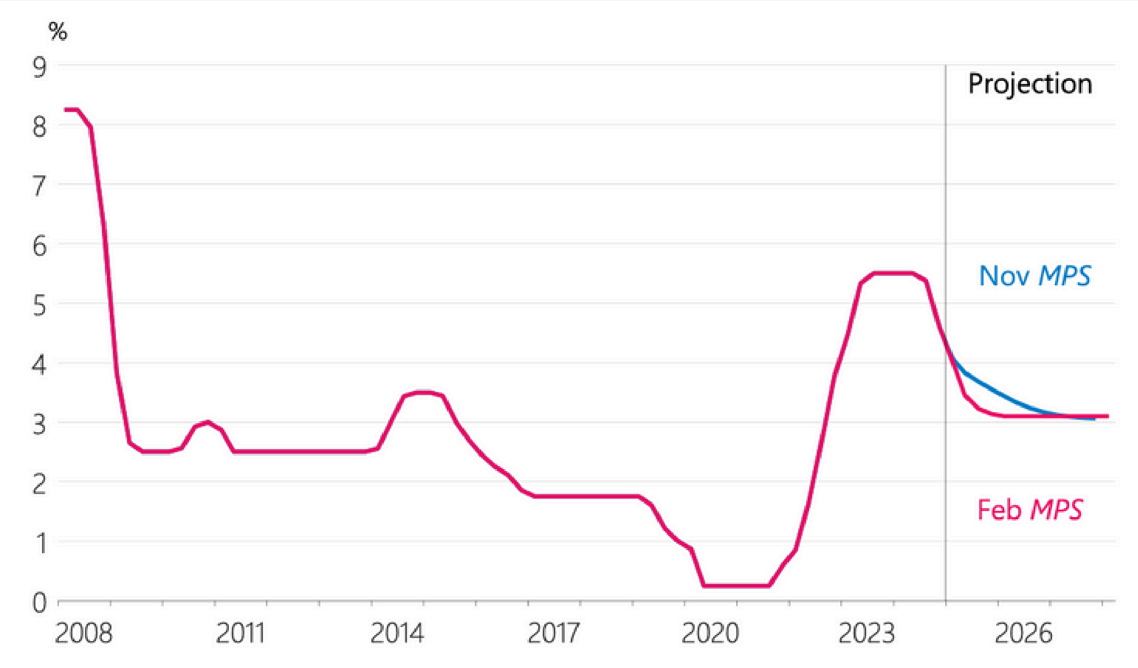
- We can therefore assume that **25-30% of consents** are likely to be for Alterations and Additions in the non-residential sector over the next few years

FUTURE

Neither consented or constructed yet

- The Reserve Bank dropped the **OCR** by another 25bps in Apr-25 to **3.50%**
- The next OCR decision is on 28 May, with the market widely expecting another 25bp cut to 3.25%
- The RBNZ in fact signalled further cuts putting us at 3.0% by the end of 2025
- Geopolitical factors could influence OCR projections over the medium-term, where rates may need to fall if global trade tensions and higher trade tariffs suppress the outlook for NZ exports
- Inflationary pressures are continuing to ease, sitting comfortably within the 1-3% target band and near the 2% mid-point
- **Headline inflation** remained steady at **2.2%** year-on-year for the December quarter, next data 17 April
- Non-tradable inflation fell from 4.9% in the September quarter to 4.5%, but remain relatively high

RBNZ - OCR Actual & Projections
Period: 2008 to 2027



Source: RBNZ estimates

- The **unemployment rate** rose from 4.6% in June to 4.8% in Sept and now sits at **5.1% for the Dec-24** quarter. This was in line with RBNZ's estimates
- Underutilisation (a broader measure of spare capacity in New Zealand's labour market) was 12.1%, up from 11.6% in previous quarter
- Wages across all sectors increased 3.3% year-on-year in the Dec quarter (measured by Labour Cost Index)
- Men accounted for 85 percent of the annual decrease in employment, reflecting falls in the male-dominated occupation groups of technicians, trades workers, machinery operators and drivers

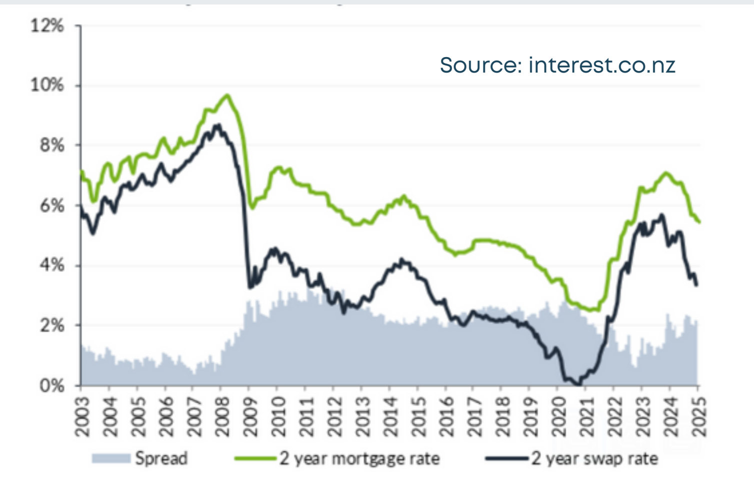
FUTURE

Interest rates

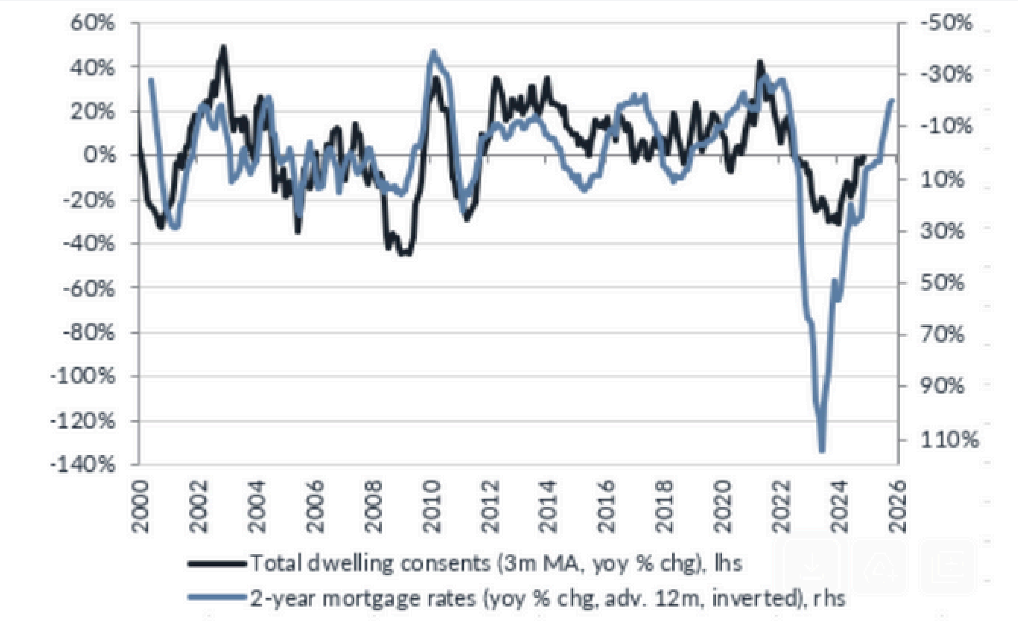
- Bank funding costs (swap rates) have continued to reduce over the last 3 months albeit at a slower pace than in mid-2024
- These reductions continue to be passed through to mortgage rates with the short end (less than two-year terms) of the curve reducing in anticipation of further declines in funding costs over the first half of 2025
- Interest rate markets predictions suggest swap rates of a low 3% in one year's time – suggesting 2-year mortgage rates around 5% by late 2025

Mortgage Rates - 2003 to 2025: 2yr Swap & Fixed Rates

'Swap Rate' is the rate NZ banks borrow at to lend at a fixed rate to the public



Residential Building Consents vs Mortgage Rates - 2000 to 2026



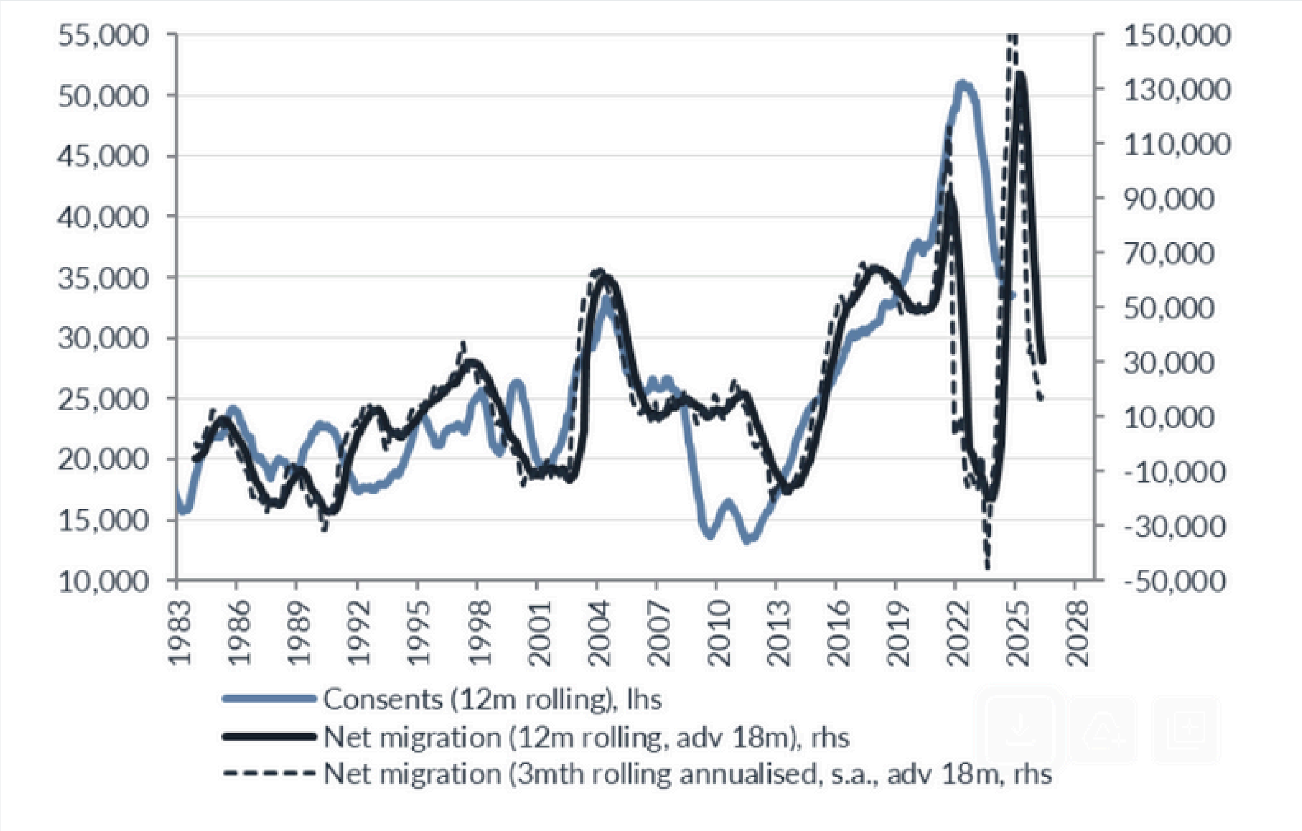
Source: Forsyth Barr

- Interest rates are a key short term driver of housing demand, and historically the change in the level of building consents has had a solid (inverse) correlation to the change in mortgage rates
- We note that the volatility in interest rates this cycle has been high and building consents did not fall as far as expected during the recent spike. The fall in mortgage rates of late suggest dwelling consents could start to rise by mid-2025
- The level of unsold homes of the market (at decade highs), continued increases in unemployment and slowing net migration will likely temper the pace of any pick-up in residential construction activity

FUTURE

Migration

Residential Building Consents v Net Migration - 1983 to 2028



Source: Stats NZ

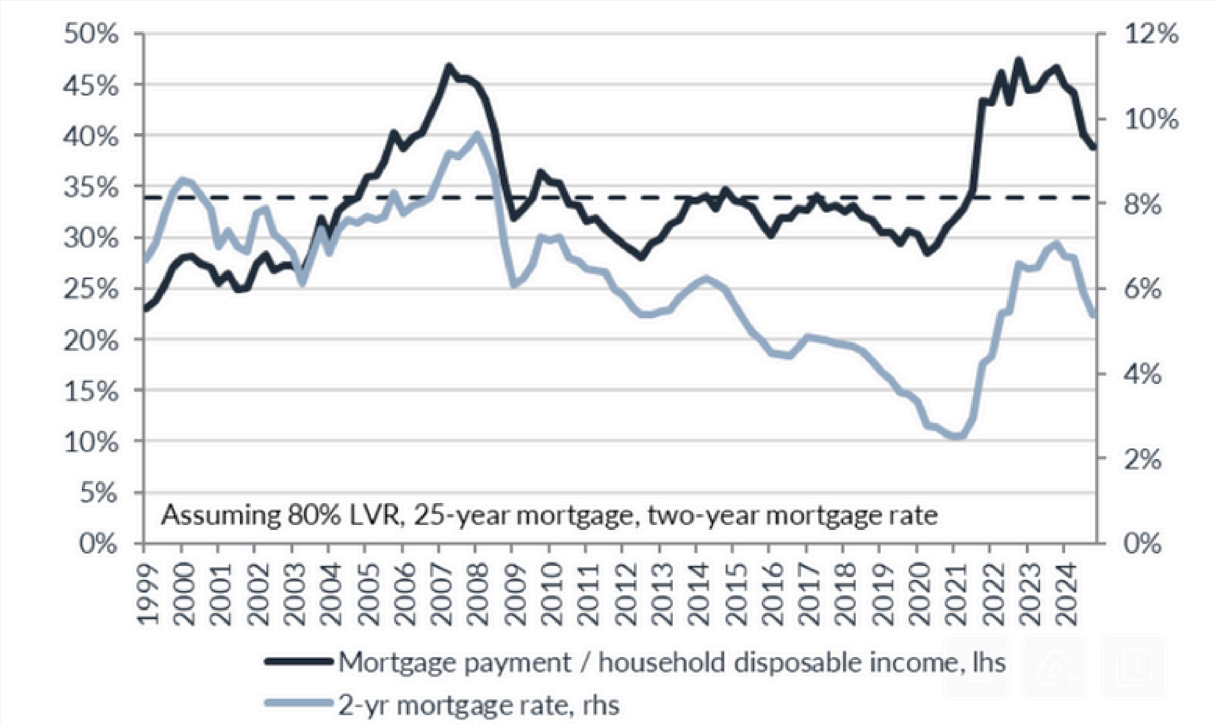
- Net migration continues to decline, with the 3 months to November annualising to +18,500 versus the last 12-months total of +30,600 and the 2023 peak of +133,000
- Migration is typically a medium-term driver of housing demand and the RBNZ estimates a 2-year lag between migration and housing construction
- This is broadly consistent with the 18-month lag between migration and residential consents shown in the chart above
- Forecasting where migration will stabilise at is difficult, and there was talk in late 2024 that migration could turn negative in 2025
- However there are signs that the outflow of New Zealanders has peaked and inbound migration remains robust
- Forsyth Barr feel current migration levels and natural population growth estimates suggest between 25,000 to 30,000 dwellings are required based on historical relationships. which is slightly below current consenting levels
- See page 20 for the position BRANZ is taking on the impact of migration on future consenting levels

FUTURE

Affordability

- Affordability is a key constraint on better housing demand and the following chart highlights the share of income required by the average household to service a mortgage on the average house
- The long run average is for mortgage payments (principal and interest) on the average home to be around 33% of average household after tax income

Mortgage Rates vs Mortgage Serviceability - 1999 to 2025



Source: Stats NZ

- Post the GFC, and prior to the pandemic, lower and lower mortgage rates offset higher and higher house prices meaning the share of income required to service a mortgage had been broadly stable
- With recent interest rate reductions affordability is improving but mortgage payments are still elevated vs. incomes. Our calculations suggest mortgage payments on an average home take up around 39% of income, down 1% from the September quarter
- Scenarios that could return affordability to the long run average include:

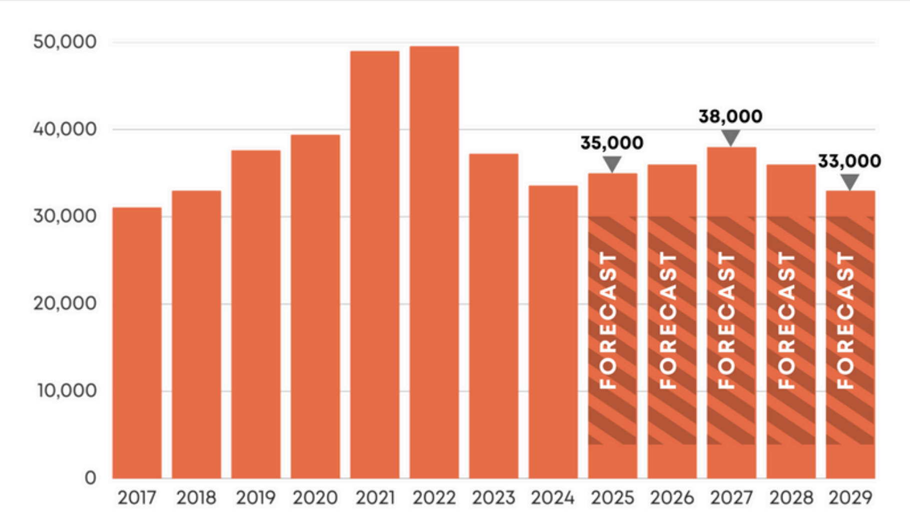
  a. **Mortgage rates would need to reduce** ~1.3% to the low 4's, which would be a similar level to where they were in late 2018
  b. **House prices would need to fall** by more than 10%, which would be a near 25% decline from their peak
  c. **Household incomes would need to lift** ~15%, which feels unlikely given the slowing economic backdrop

- In our view, it's likely to be a combination of all 3, with interest rates doing most of the early heavy lifting

FUTURE

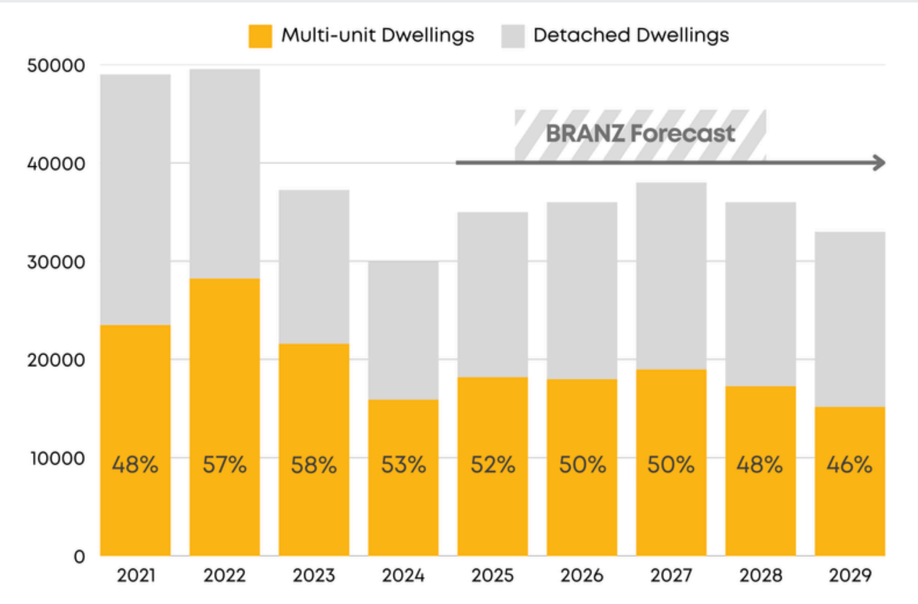
- New residential building consents look to have bottomed out for this cycle at 33,600 consents
- BRANZ now forecast consents to increase over the next 3 years to a high of 38,000 consents in 2027, before tapering away to 33,000 again in 2029
- The expectation is for standalone housing to become more prevalent over this period - **see bottom chart** - with this typology expected to represent about 50% of dwellings consented over the next 5 years

Residential Dwelling Consent Actuals and Forecasts
Period: 2017 to 2029



Source: BRANZ

Residential Dwelling Consent Actuals and Forecasts
Multi-unit Dwellings vs Standalone Houses Period: 2021 to 2029

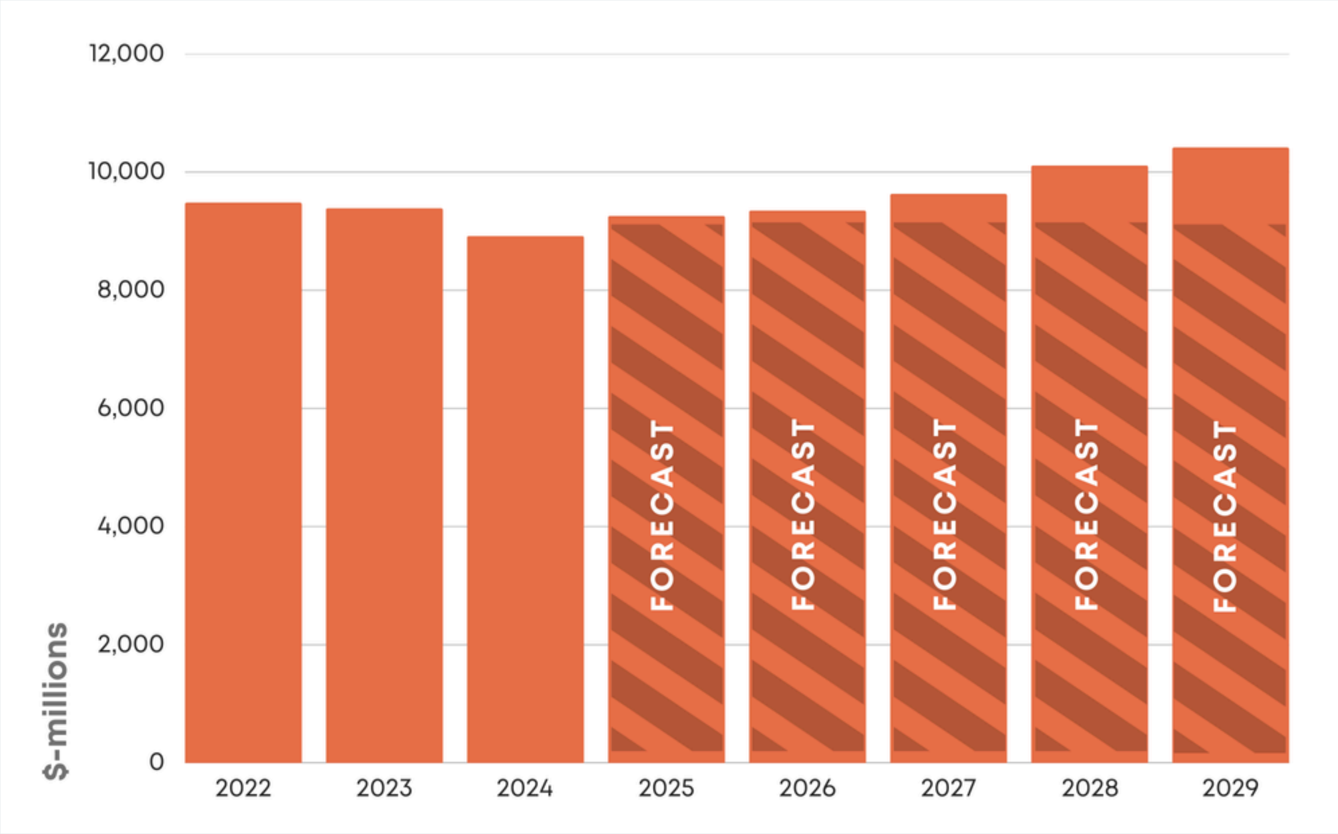


Source: BRANZ

- One of the key drivers for new residential activity is demand created through migration - and future migration trends are uncertain
- In the latest residential consents forecasting by BRANZ - **see chart to left** - the Treasury's Dec-24 *Half Yearly Economic & Fiscal Update (HYEFU)* includes estimates for population and net migration levels, and these were incorporated
- Based on those numbers, BRANZ estimates, that an average of 35-36,000 dwelling consents across the next 5-years seems like it would satisfy the demand for housing (eg. net migration, natural population growth, demolitions, second homes, existing housing shortage)
- There isn't a 1-1 relationship between migrants arriving and 2 years later home demand. BRANZ says it considers what total demand looks like over a 5 and 10 year period, then looks at how consenting might play out to satisfy that demand

FUTURE

BRANZ Annual Commercial Consents Value - Actuals and Forecasts - *not adjusted for inflation*
Period: 2021 to 2029



Source: BRANZ

- We expect non-residential activity to remain relatively strong against the continued headwinds facing the residential sector
- Our forecast is for relatively modest falls in consented non-residential work for the next 12 months **($9.26bn for 2025 v $9.3bn in 2024)** before consenting activity trends upwards for the remainder of the forecast period (2029)
- There is a strong pipeline of privately initiated projects in the non-residential sector which will support activity
- Government projects, in particular in health and education, have represented up to 30% of total consent approvals until recently, so further spending announcements from government will be watched carefully
- Of most significance was the confirmation last year of the $7.7bn budget for Health New Zealand's Infrastructure and Investment Group to deliver more than 110 HCE-funded projects over the next 5-10 years. For a detailed map of the HCE-funded projects - click here
- Included in these is the Regional Hospital Redevelopment Programme with large hospital redevelopment projects in Whangārei and Nelson plus other centres

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Feedback

We trust that this report has provided some valuable insights. We will develop this resource over time, and warmly accept any feedback on the usefulness of information and opportunities to include other key drivers impacting our industry.

Don't hesitate to contact us at: matthew@eboss.co.nz or dom@eboss.co.nz

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