FORSYTH BARR

NEW ZEALAND EQUITY RESEARCH

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Building Sector

NZ Consents—Resi Stable, Non-Resi Sliding

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Consents remain a mixed bag. Residential consents continue to track in the 30k–35k range they have held for the past 19 months, while non-residential consents (by both value and area) continue to trend lower. Lower interest rates have lifted residential sentiment, increased housing demand off its lows, and improved affordability—although it remains above its long-run average. Offsetting this, migration has moderated (but appears to be stabilising), and the number of existing houses for sale is at a decade high. Consent data suggests residential activity has found a floor.

Commercial construction, on the other hand, remains challenged due to patchy tenant demand and the high rental levels required to underpin new developments. The feasibility equation is improving: build costs are easing (market feedback suggests they are down *c.*–20%), and funding costs are also moderating. Given the slow economic recovery and longer project timelines, non-residential consents are likely to remain subdued for some time.

Residential consents have found the bottom

Residential consents ticked +0.8% higher in February to 33.5k (annualised and seasonally adjusted), but were down -4.8% on the year prior. The uplift in headline consents was underpinned by an +8.6% month-on-month increase in high-density consents (-5.3% yoy), partly offset by a -7.5% monthly decline in detached dwellings (-4.2% yoy). Floor area consented—the key indicator of future residential new-build activity, and a *c.*six-month lead for demand in Fletcher Building's materials and distribution divisions—was down -6.8% on the prior year in February and -7.2% on a 12-month rolling basis. However, 12-month rolling area consented has remained relatively stable at *c.*4.7m sqm over the past nine months.

Non-residential still trending down

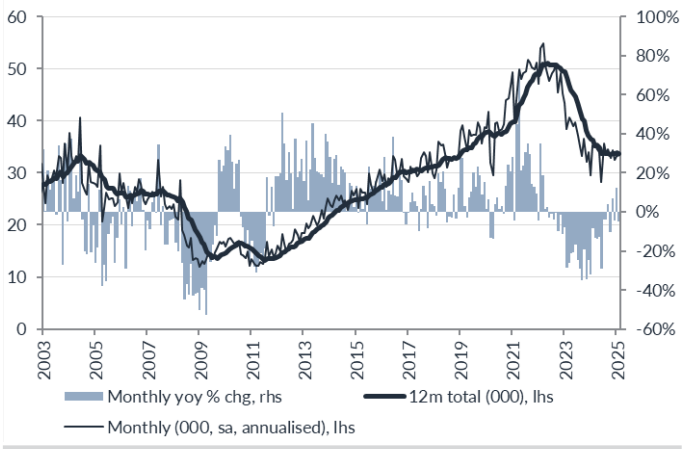
Non-residential remains more challenging, with February consent value down -15.0% year-on-year. Sector-level results were mixed, with large declines in health, education, and office, but significant increases in accommodation and industrial. On a 12-month rolling basis, the value of non-residential consents was down -11.2%, while approved area fell -33.0%. There is an expectation that activity will lift over the second half of the year, supported by lower interest rates, moderating construction costs, fast-track project approvals, and increasing government-led developments (e.g. hospitals and schools).

Figure 1. NZ building consents (February 2025)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (#)				
Detached houses ('000s)	15.0	15.2	15.5	15.9
Total ('000s)	33.5	33.0	33.5	33.6
yoy % chg				
Detached houses	-4.2%	2.4%	4.0%	2.3%
Total	-4.8%	0.4%	0.1%	-7.4%
Total floor area	-6.8%	0.5%	-0.2%	-7.2%
Non-residential				
Total (NZ$m)	734	1,822	4,284	8,793
yoy % chg	-15.0%	-26.3%	-7.5%	-11.2%

Source: Statistics NZ, Forsyth Barr analysis

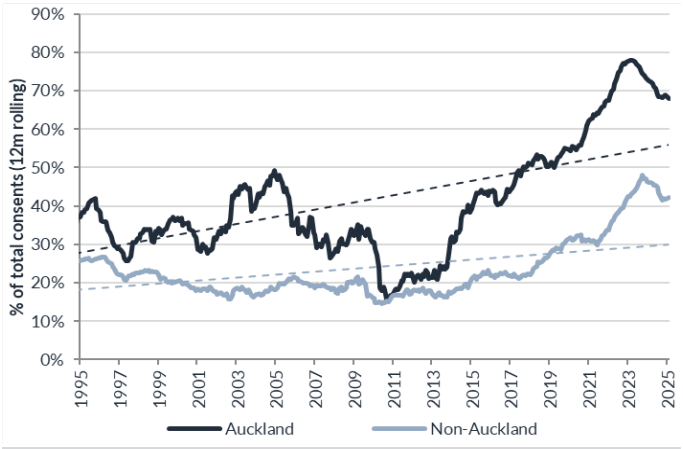
Figure 2. NZ residential consents



Source: Statistics NZ, Forsyth Barr analysis

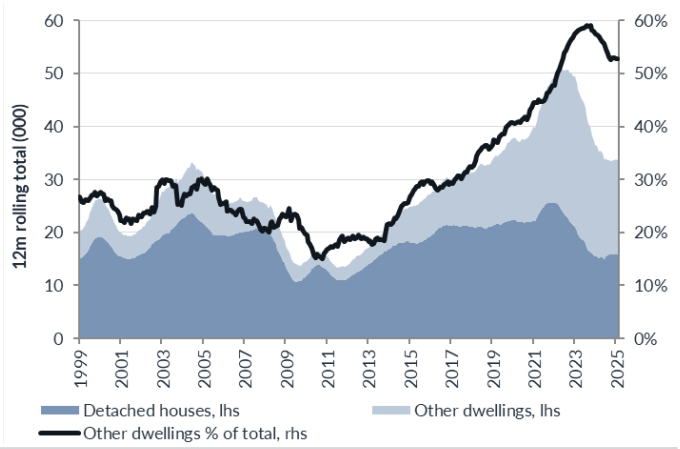
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Figure 3. % of residential consents multi-tenanted



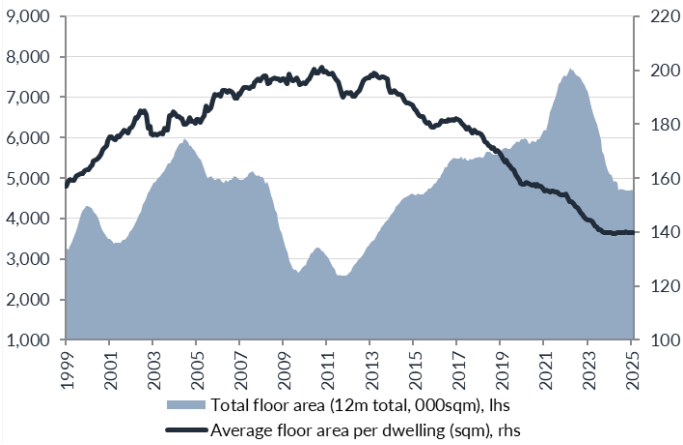
Source: Statistics NZ, Forsyth Barr analysis

Figure 4. NZ residential consents: houses vs other dwellings



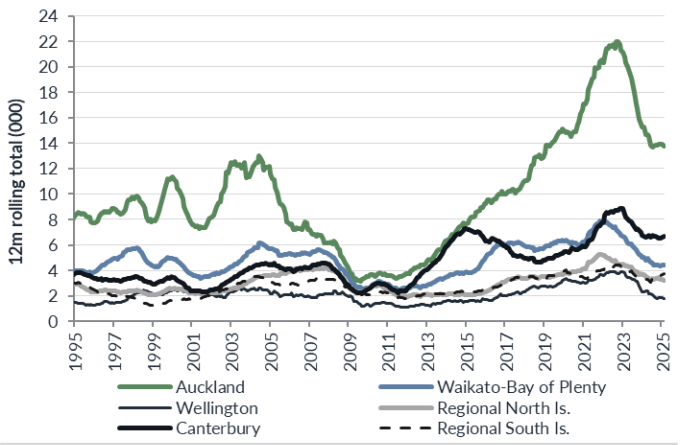
Source: Statistics NZ, Forsyth Barr analysis

Figure 5. NZ residential floor area consented



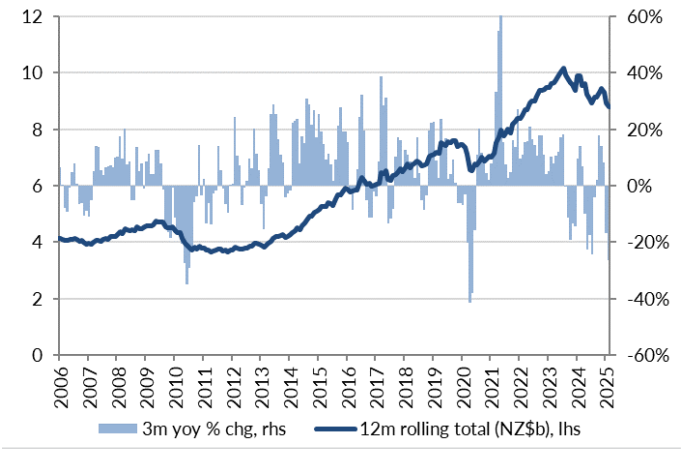
Source: Statistics NZ, Forsyth Barr analysis

Figure 6. NZ residential consents by region



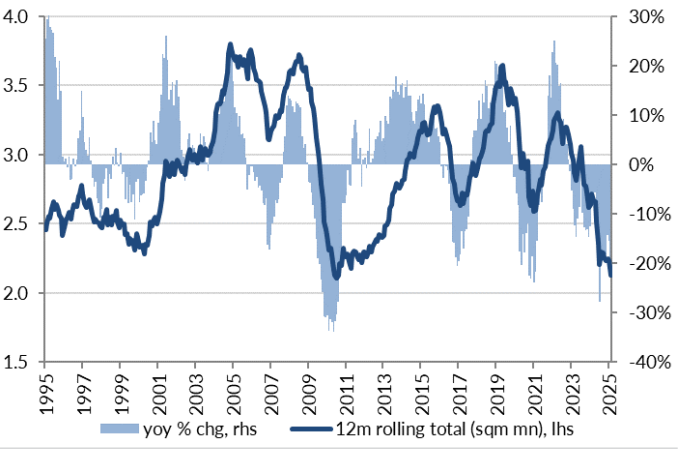
Source:Statistics NZ, Forsyth Barr analysis

Figure 7. NZ non-residential consents (value)



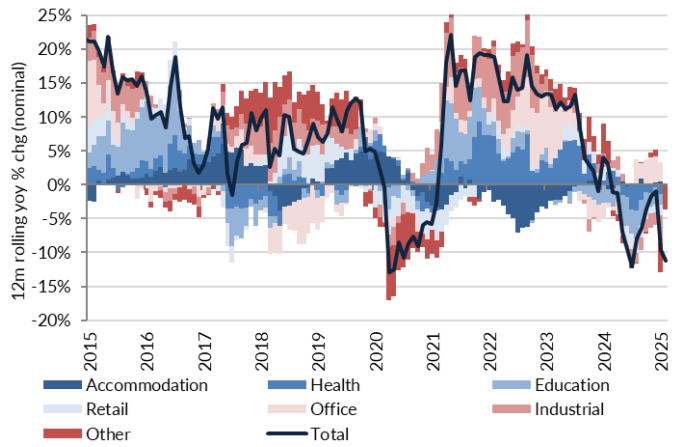
Source: Statistics NZ, Forsyth Barr analysis

Figure 8. NZ non-residential consents (sqm)



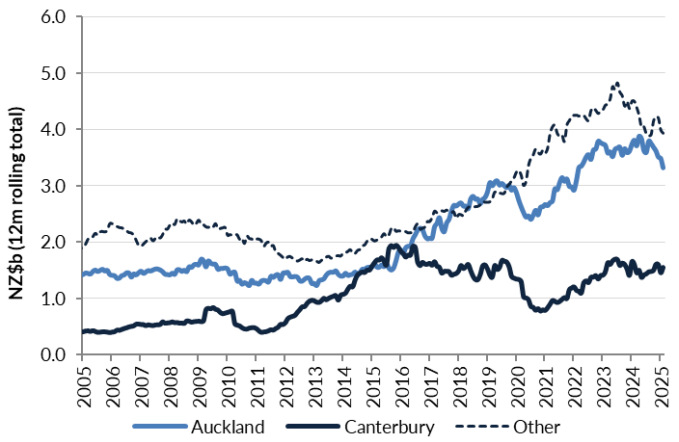
Source: Statistics NZ, Forsyth Barr analysis

Figure 9. NZ non-residential consents by sector



Source: Statistics NZ, Forsyth Barr analysis

Figure 10. NZ non-residential consents by region



Source: Statistics NZ, Forsyth Barr analysis

Figure 11. NZ building consents (February 2025)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (yoy % chg)				
Auckland	-12.0%	-4.3%	0.4%	-9.7%
Waikato-Bay of Plenty	0.0%	2.4%	0.0%	-10.9%
Wellington	-24.4%	-6.3%	-16.7%	-21.3%
Regional North Is	-30.3%	-24.2%	-6.0%	-12.8%
Canterbury	5.0%	11.7%	-1.9%	-7.4%
Regional South Is	18.7%	30.0%	17.7%	10.3%
Detached houses	-4.2%	2.4%	4.0%	2.3%
Apartments	-44.7%	11.4%	12.7%	-19.8%
Retirement village units	-28.6%	-17.6%	-6.4%	-6.5%
Townhouses, flats, units	1.6%	-1.3%	-5.3%	-14.8%
Non-residential				
Regional (value) yoy % chg				
Auckland	-44.2%	-33.6%	-26.1%	-12.9%
Canterbury	169.0%	-12.2%	10.5%	-3.5%
Other	-13.4%	-26.2%	2.2%	-12.6%
Total	**-15.0%**	**-26.3%**	**-7.5%**	**-11.2%**
m2 (000)	201	463	1,025	2,132
yoy % chg	-33.0%	-18.0%	-13.9%	-21.6%
Key sectors (value) yoy % chg				
Accommodation	634.0%	182.4%	65.4%	37.1%
Health	-78.8%	-60.9%	-27.5%	-24.9%
Education	-33.9%	-3.5%	10.0%	-13.8%
Retail	35.0%	-6.6%	16.1%	-9.4%
Office	-67.1%	-51.8%	-19.9%	-4.4%
Industrial	72.5%	6.1%	0.3%	-6.4%

Source: Statistics NZ, Forsyth Barr analysis

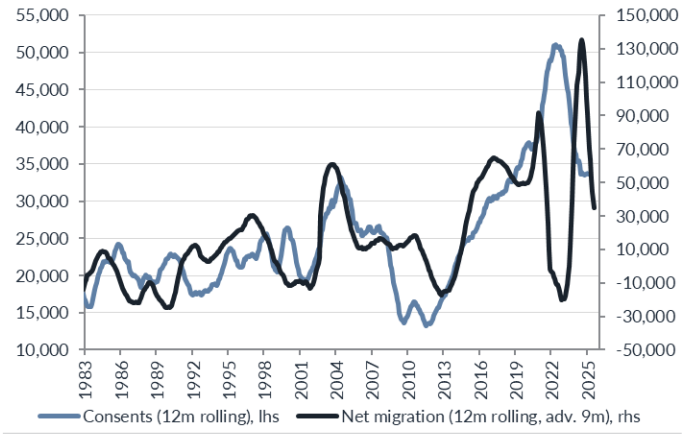
Charts of Interest

Figure 12. Interest rate declines slowing



Source: interest.co.nz, Stats NZ, Forsyth Barr analysis

Figure 13. Migration continues to trend downward



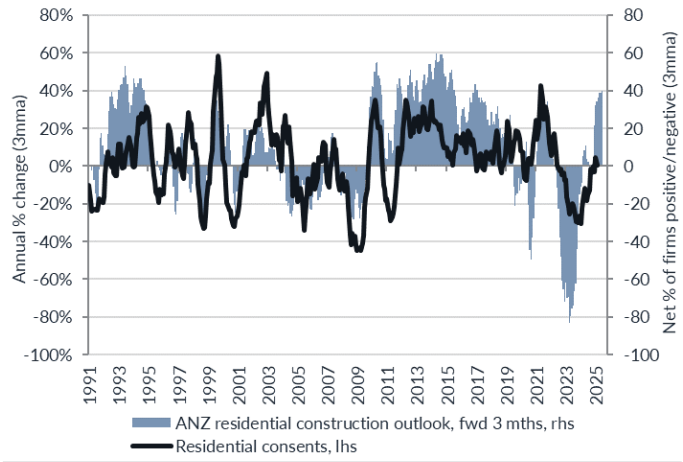
Source: Stats NZ, Forsyth Barr analysis

Figure 14. Housing turnover ticks lower



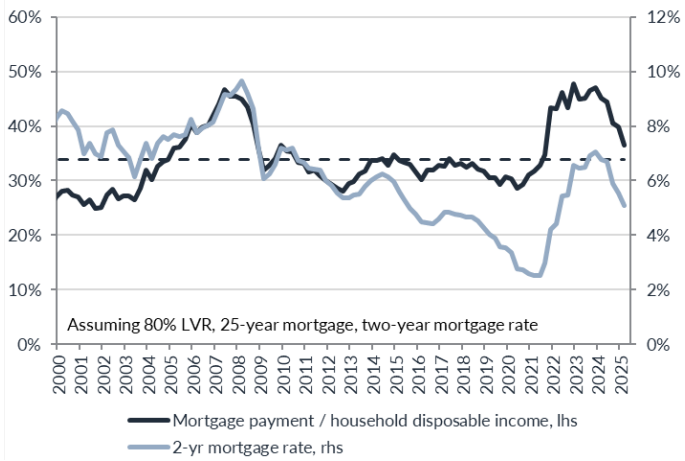
Source: REINZ, Stats NZ, Forsyth Barr analysis

Figure 15. Residential construction intentions at record lows



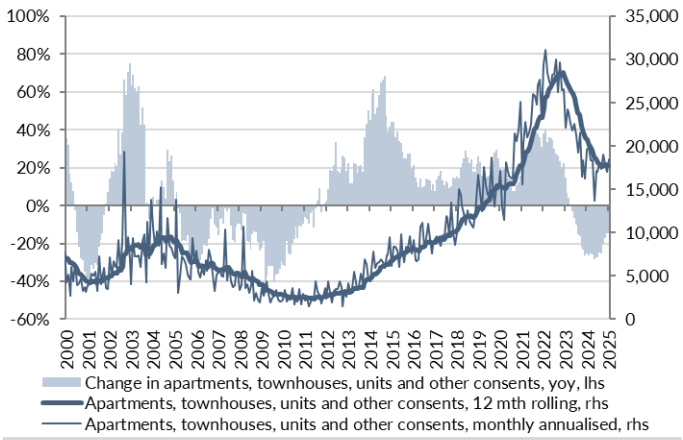
Source: ANZ, Stats NZ, Forsyth Barr analysis

Figure 16. Affordability remains stretched



Source: Stats NZ, RBNZ, interest.co.nz, Forsyth Barr analysis

Figure 17. Higher density dwellings have grown significantly



Source: Stats NZ, Forsyth Barr analysis

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