FORSYTH BARR

NEW ZEALAND EQUITY RESEARCH

3 JULY 2026

Building Sector
NZ Consents—Building on the Foundation

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Residential consents softened slightly in May to 43.9k (seasonally adjusted and annualised). We suspect the step-up in residential consents over the prior two months reflected approvals lodged in early 2026 before the Middle East conflict. The modest decline this month likely includes part of the initial impact of the conflict and may continue over the coming months. That said, hostilities have now moderated and there have been some recent positive data points; Auckland home sales and construction sector confidence both picked up in June, the QV CostBuilder data indicated that cost pressures have moderated, and banks have lowered some mortgage rates. While non-residential consents were soft the trend has lifted off recent lows. Residential floor area consented (12-month rolling +18% year on year) typically leads Fletcher Building's (FBU) materials and distribution volumes by six to nine months. We expect some volatility in FBU's 4Q26 volumes to be released in mid-July, but consenting data suggests activity should pick up over FY27.

Residential continues trending positively

May residential consents were down -4.0% on the prior month to 43.9k (seasonally adjusted and annualised), but are still up +25.0% on the prior year and above the c.40k run rate over the second half of 2026. Detached dwellings were down -1.3% on the prior month (previously up +6.0%) and up +31.1% on the prior year. High-density was down -6.2% on the prior month (previously up +15.6%) and up +20.1% on the prior year. On a 12-month rolling basis, total consents were up +18.5% on the prior year to 39.7k and floor area was up +17.6% year on year.

Non-residential still lagging

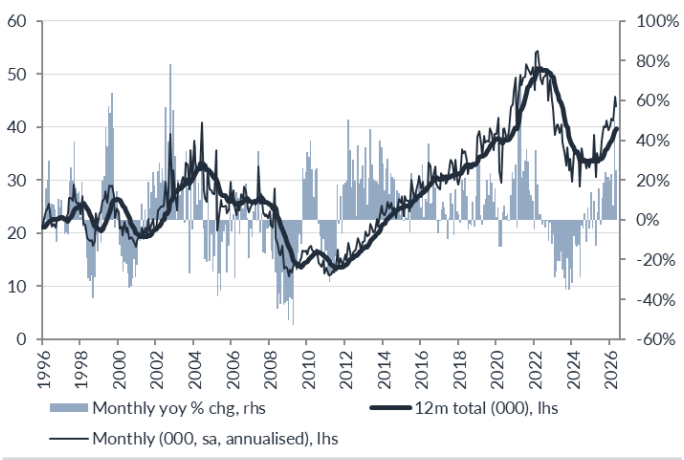
Non-residential value consented fell -19.4% on the prior year. On a 12-month rolling basis, non-residential value is down -4.0% and floor area consented is up +2.6% on the prior year (previously -0.4% and +0.7% respectively). By sector: accommodation and education increased on a 12-month rolling basis, while health, industrial, office, commercial, and retail consents declined. While the broader trend in non-residential consents has been negative since late 2023, activity has shown a sequential improvement in recent months. That said, the data can be volatile given the timing and size of large projects. Recent trading updates have suggested the fuel cost spike delayed some project starts, but rural locations and South Island areas have shown more resilience.

Figure 1. NZ building consents (May 2026)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (#)				
Detached houses ('000s)	20.5	20.3	19.4	18.3
Total ('000s)	43.9	43.6	42.0	39.7
yoy % chg				
Detached houses	31.1%	31.1%	26.1%	16.5%
Total	25.0%	25.7%	23.6%	18.5%
Total floor area	14.8%	20.0%	19.4%	17.6%
Non-residential				
Total (NZ$m)	789	2,306	4,190	8,666
yoy % chg	-19.4%	-7.7%	-3.0%	-4.0%

Source: Statistics NZ, Forsyth Barr analysis

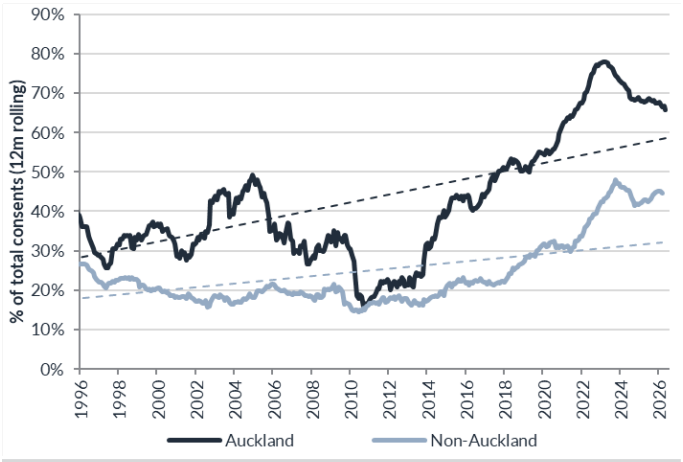
Figure 2. NZ residential consents



Source: Statistics NZ, Forsyth Barr analysis

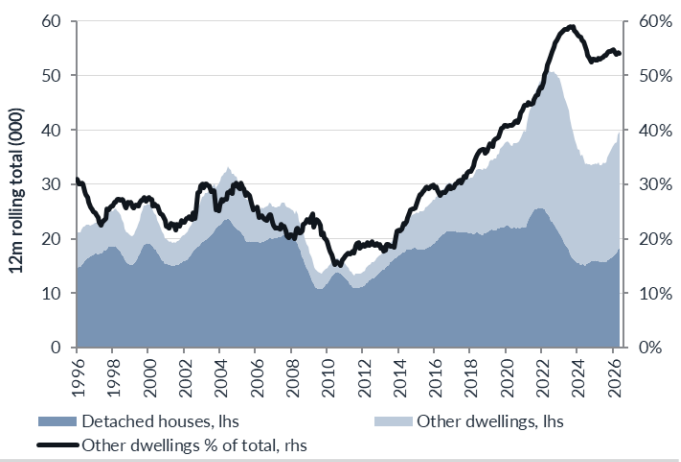
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Figure 3. % of residential consents multi-tenanted



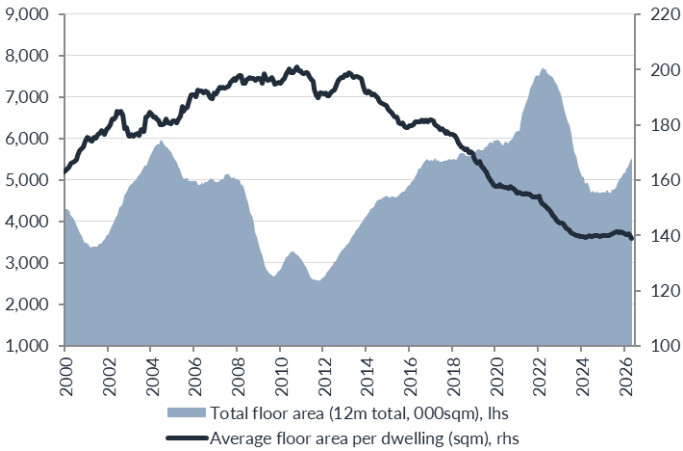
Source: Statistics NZ, Forsyth Barr analysis

Figure 4. NZ residential consents: houses vs other dwellings



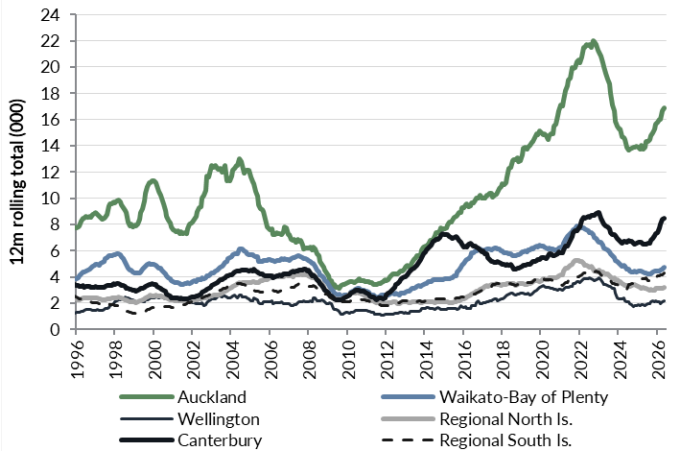
Source: Statistics NZ, Forsyth Barr analysis

Figure 5. NZ residential floor area consented



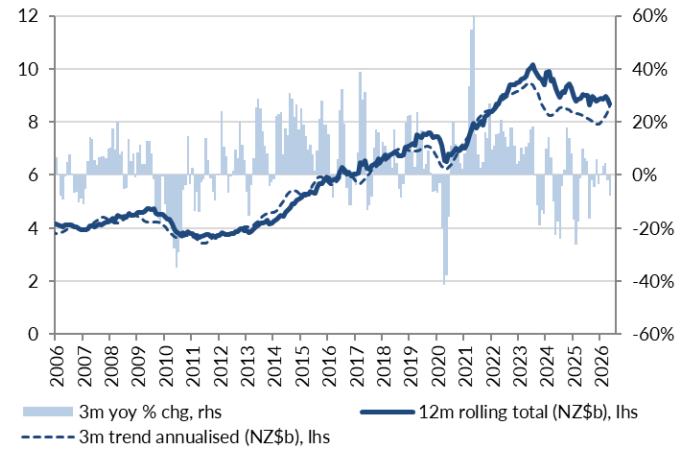
Source: Statistics NZ, Forsyth Barr analysis

Figure 6. NZ residential consents by region



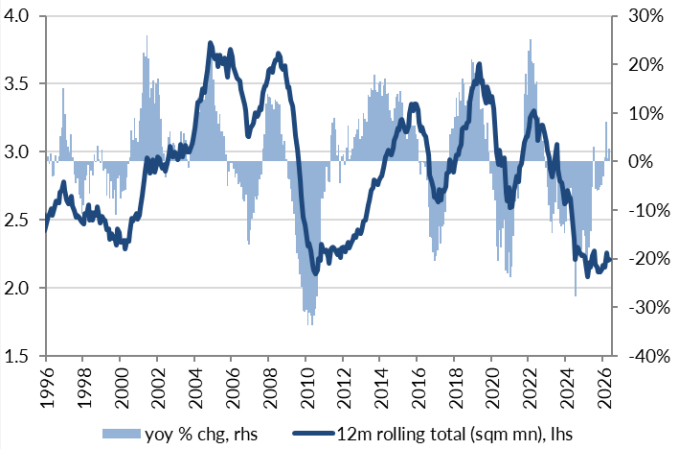
Source:Statistics NZ, Forsyth Barr analysis

Figure 7. NZ non-residential consents (value)



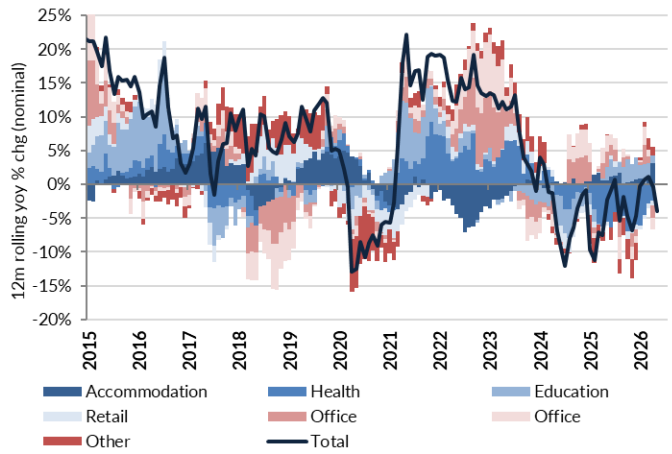
Source: Statistics NZ, Forsyth Barr analysis

Figure 8. NZ non-residential consents (sqm)



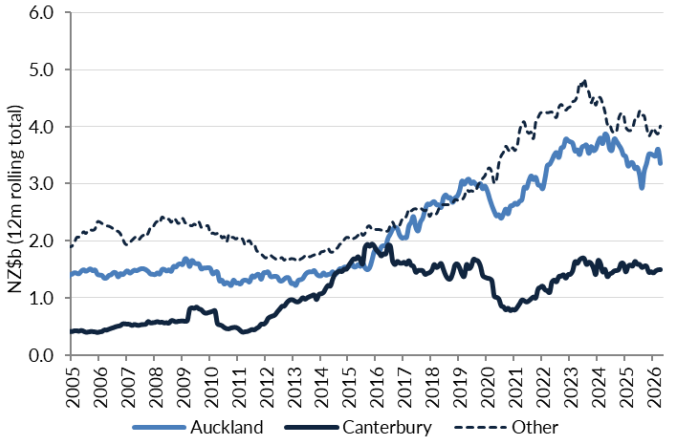
Source: Statistics NZ, Forsyth Barr analysis

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

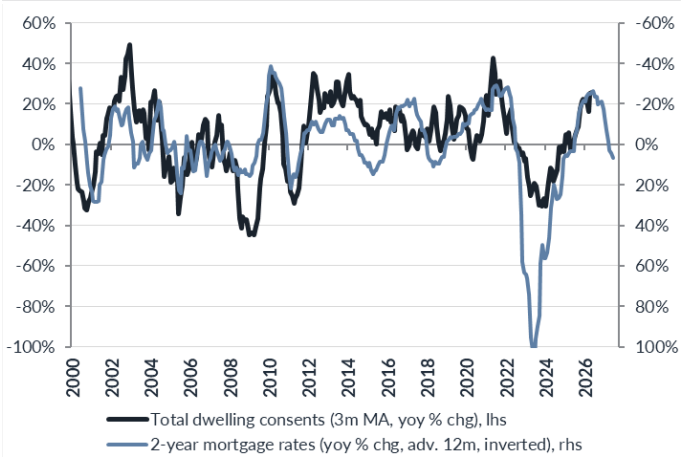
Figure 11. NZ building consents (May 2026)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (yoy % chg)				
Auckland	12.6%	22.8%	23.6%	21.6%
Waikato-Bay of Plenty	44.3%	26.5%	14.8%	10.3%
Wellington	36.2%	4.8%	2.6%	17.1%
Regional North Is	31.6%	9.8%	15.4%	1.9%
Canterbury	12.1%	46.0%	43.6%	18.5%
Regional South Is	32.0%	17.6%	15.0%	11.0%
Detached houses	31.1%	31.1%	26.1%	16.5%
Apartments	-65.4%	11.9%	-7.3%	19.5%
Retirement village units	-8.1%	1.9%	62.0%	3.4%
Townhouses, flats, units	30.2%	23.9%	22.6%	22.3%
Non-residential				
Regional (value) yoy % chg				
Auckland	-61.5%	-16.0%	0.3%	-0.3%
Canterbury	2.5%	15.3%	-7.4%	-4.0%
Other	47.6%	3.6%	1.0%	0.8%
Total	-14.8%	-1.9%	-0.8%	-0.4%
m2 (000)	200	658	1,131	2,202
yoy % chg	-20.8%	6.3%	7.9%	0.7%
Key sectors (value) yoy % chg				
Accommodation	924.8%	161.0%	129.4%	57.2%
Health	-48.2%	10.8%	-14.4%	-22.5%
Education	-50.8%	-1.3%	-10.5%	8.6%
Retail	-43.3%	-1.3%	4.7%	-7.9%
Office	-73.7%	-42.8%	-20.6%	-8.9%
Industrial	-4.6%	-24.7%	-16.1%	-3.7%

Source: Statistics NZ, Forsyth Barr analysis

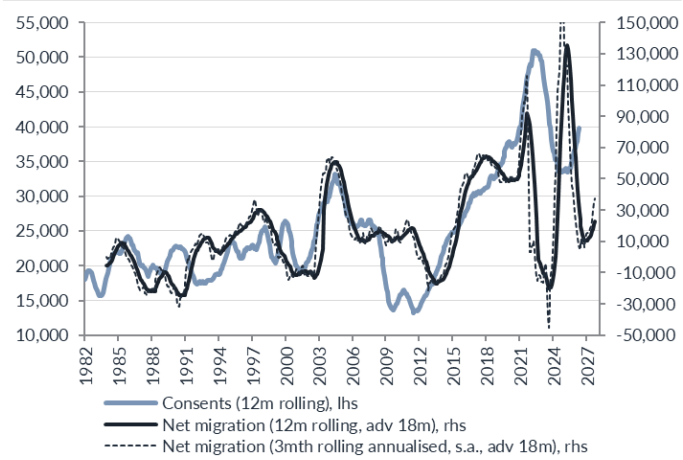
Charts of Interest

Figure 12. Mortgage rates have increased



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

Figure 13. Migration is picking up from lows



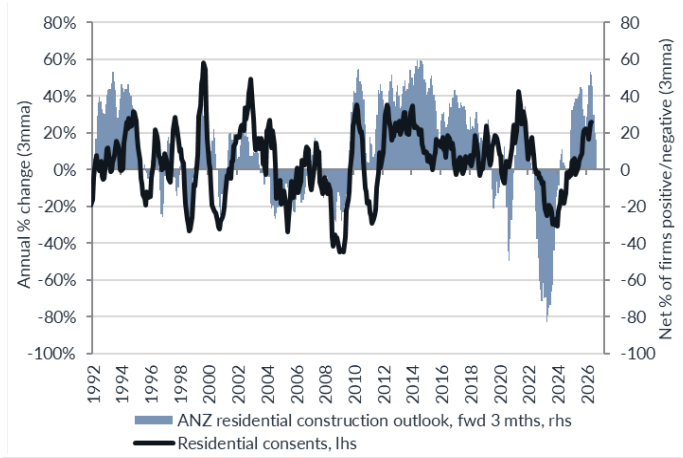
Source: Stats NZ, Forsyth Barr analysis

Figure 14. Housing turnover has slowed



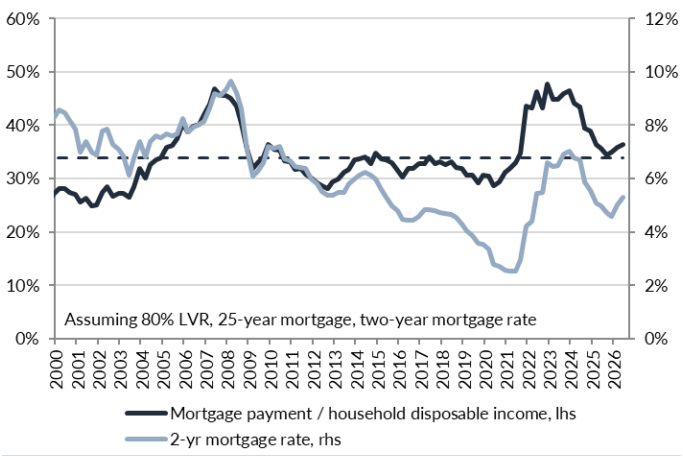
Source: REINZ, Stats NZ, Forsyth Barr analysis

Figure 15. Residential construction intentions have rebounded



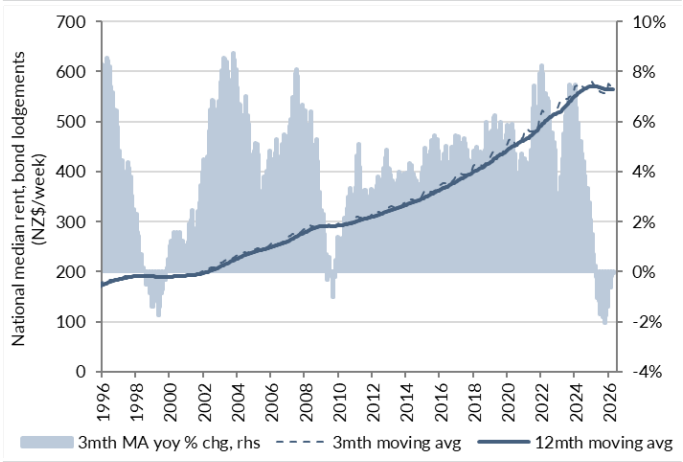
Source: ANZ, Stats NZ, Forsyth Barr analysis

Figure 16. Affordability is back above its long term average



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

Figure 17. Rents have stabilised



Source: Stats NZ, Forsyth Barr analysis

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