FORSYTH BARR

NEW ZEALAND EQUITY RESEARCH

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Building Sector
NZ Consents—Stuck on a Level

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May consents ticked up but remain consistent with construction activity, bouncing along the bottom. Residential consents remain within the 30k–35k range (seasonally adjusted and annualised) they have held for the past two years. Non-residential consents remain volatile, but the value consented is only down marginally on a 12-month rolling basis. This aligns with Fletcher Building's recent investor day market update, which highlighted continued subdued activity with no material pick-up expected until FY27. Lower interest rates are supporting a modest lift in housing demand and construction intentions, while recent government announcements on health and education are supportive of the non-residential pipeline. However, a high level of existing homes remain for sale, and migration/population growth remains subdued.

Residential consents on a level

Residential consents were up +10.4% month-on-month and +4.0% year-on-year to 34.9k (seasonally adjusted and annualised). This was driven by a +16.5% month-on-month lift in high-density consents, with detached dwellings up a more modest +3.5% month-on-month. Regionally, the lift was largely driven by Auckland and Canterbury. Floor area consented—a key indicator of future residential new-build activity and a six-month lead indicator for demand in Fletcher Building's materials and distribution divisions—was broadly flat on the prior year (+0.5%). It is -3.6% on a 12-month rolling basis and +0.5% year-on-year on a six-month rolling basis.

Non-residential stabilising

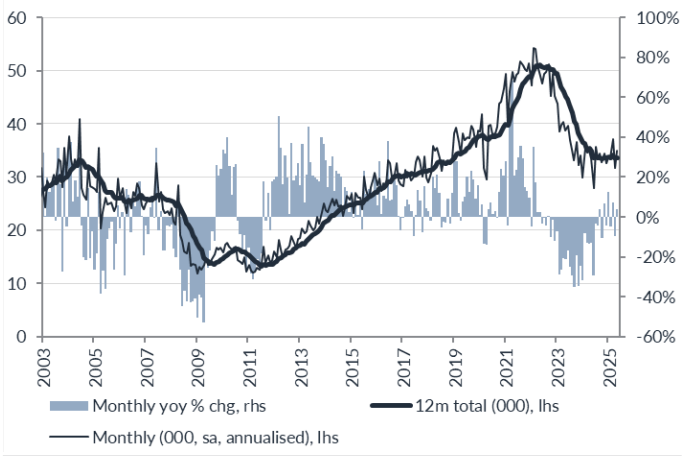
Non-residential consents lifted +15.2% year-on-year. The increase was driven by the accommodation, education and industrial sectors, and was partly offset by declines in office and retail. On a 12-month rolling basis, the value of non-residential consents is down -2.3% on the prior year, while approved area declined -14.4%. While non-residential remains challenged, recent industry feedback has had a slightly more optimistic tone, with: (1) more government activity (health and education); (2) the first projects from the fast-track process soon coming to market; and (3) better project economics from lower interest and construction costs, and recently announced accelerated depreciation changes. On a trend basis, non-residential consents have now improved for six consecutive months.

Figure 1. NZ building consents (May 2025)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (#)				
Detached houses ('000s)	15.3	15.3	15.3	15.7
Total ('000s)	34.9	34.5	33.9	33.5
yoy % chg				
Detached houses	-1.1%	-2.5%	-0.3%	2.4%
Total	4.0%	0.5%	0.5%	-3.8%
Total floor area	0.5%	0.0%	0.2%	-3.6%
Non-residential				
Total (NZ$m)	979	2,499	4,320	9,023
yoy % chg	15.2%	10.1%	-8.9%	-2.3%

Source: Statistics NZ, Forsyth Barr analysis

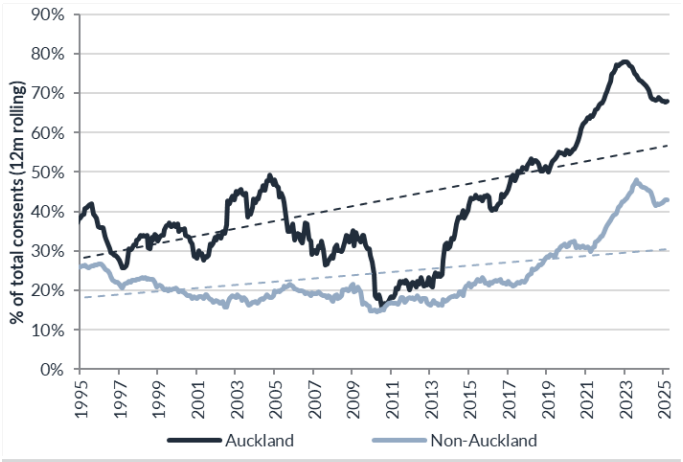
Figure 2. NZ residential consents



Source: Statistics NZ, Forsyth Barr analysis

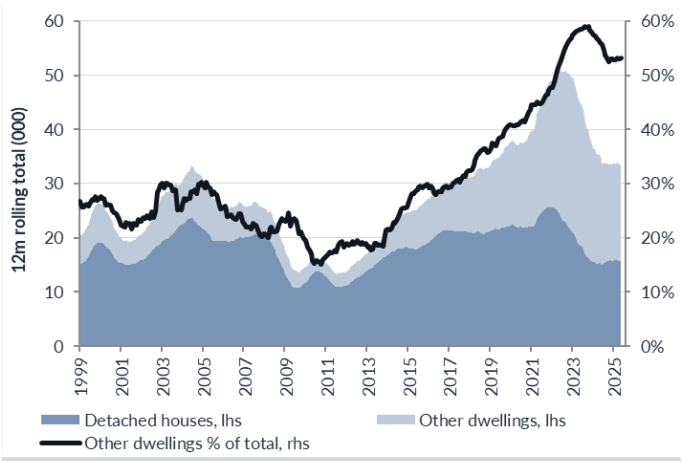
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Figure 3. % of residential consents multi-tenanted



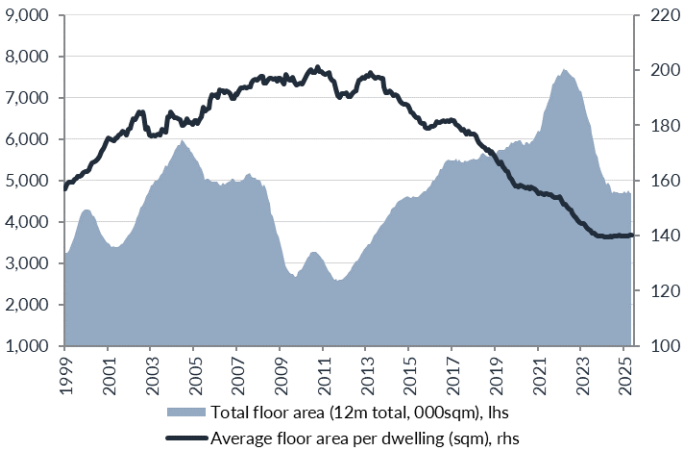
Source: Statistics NZ, Forsyth Barr analysis

Figure 4. NZ residential consents: houses vs other dwellings



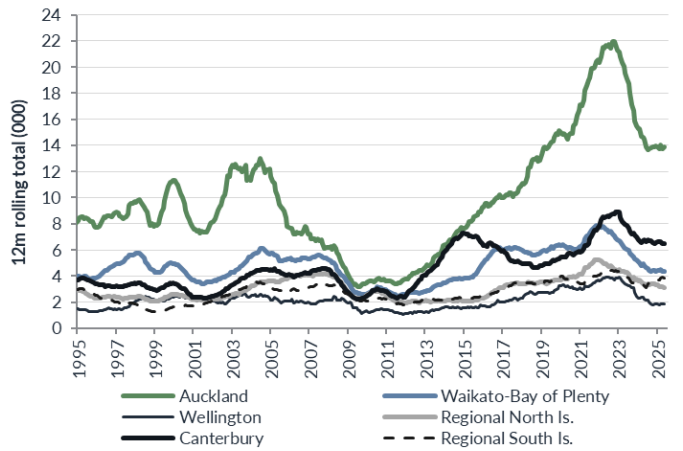
Source: Statistics NZ, Forsyth Barr analysis

Figure 5. NZ residential floor area consented



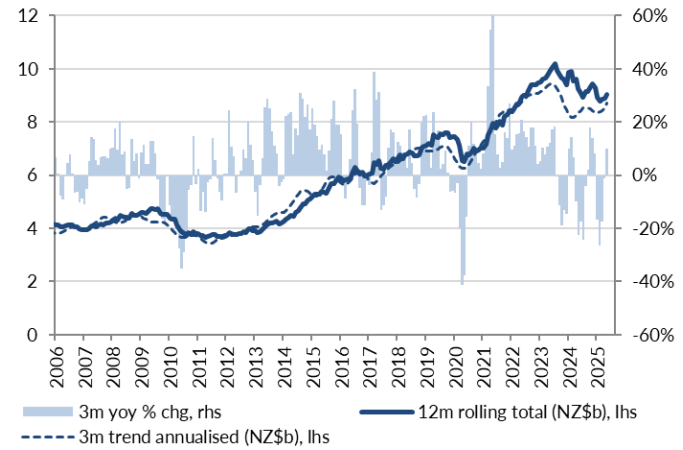
Source: Statistics NZ, Forsyth Barr analysis

Figure 6. NZ residential consents by region



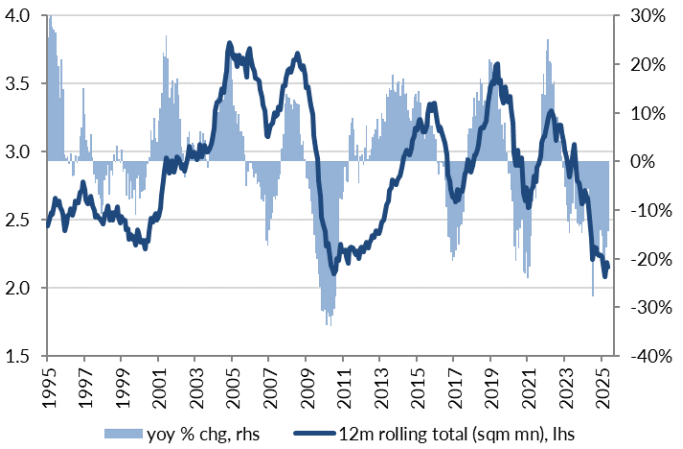
Source:Statistics NZ, Forsyth Barr analysis

Figure 7. NZ non-residential consents (value)



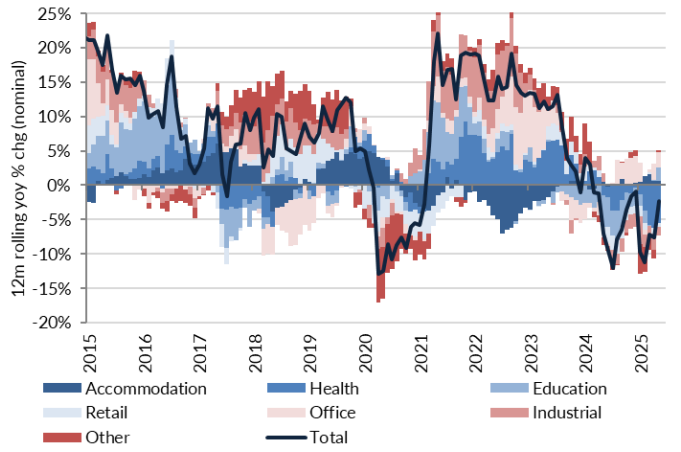
Source: Statistics NZ, Forsyth Barr analysis

Figure 8. NZ non-residential consents (sqm)



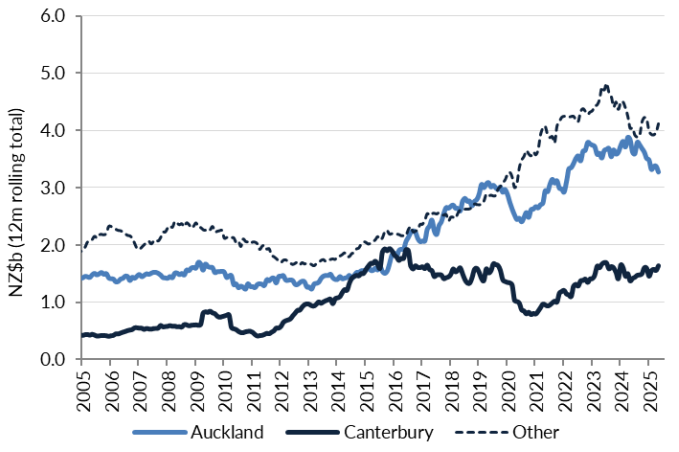
Source: Statistics NZ, Forsyth Barr analysis

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

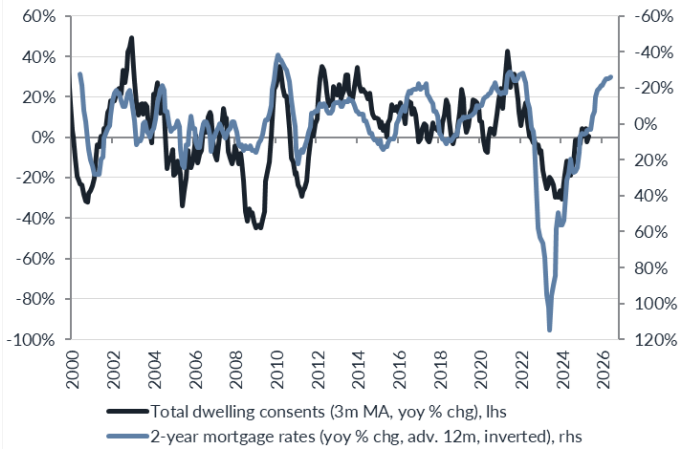
Figure 11. NZ building consents (May 2025)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (yoy % chg)				
Auckland	9.1%	2.4%	-0.6%	-4.3%
Waikato-Bay of Plenty	-14.0%	-10.2%	-4.6%	-9.7%
Wellington	-11.3%	6.9%	1.2%	-15.6%
Regional North Is	-11.4%	-8.6%	-17.0%	-7.4%
Canterbury	-0.6%	-8.5%	0.0%	-3.8%
Regional South Is	-7.8%	16.8%	22.4%	18.8%
Detached houses	-1.1%	-2.5%	-0.3%	2.4%
Apartments	43.1%	69.6%	38.8%	6.2%
Retirement village units	142.5%	-12.0%	-14.4%	-4.5%
Townhouses, flats, units	-7.3%	-3.5%	-2.5%	-11.0%
Non-residential				
Regional (value) yoy % chg				
Auckland	-31.0%	-5.1%	-19.1%	-14.7%
Canterbury	48.7%	23.2%	4.1%	19.4%
Other	42.3%	19.5%	-5.2%	2.0%
Total	**15.2%**	**10.1%**	**-8.9%**	**-2.3%**
m2 (000)	194	612	1,075	2,149
yoy % chg	-16.0%	2.8%	-7.3%	-14.4%
Key sectors (value) yoy % chg				
Accommodation	14.8%	-13.2%	28.8%	13.6%
Health	-3.6%	-47.2%	-53.8%	-35.8%
Education	25.9%	52.2%	22.2%	16.5%
Retail	-40.9%	-15.8%	-12.0%	-5.2%
Office	-19.0%	44.9%	-11.0%	13.9%
Industrial	31.4%	12.5%	9.2%	-4.3%

Source: Statistics NZ, Forsyth Barr analysis

Charts of Interest

Figure 12. Mortgage rates continue to ease but the pace of declines has slowed



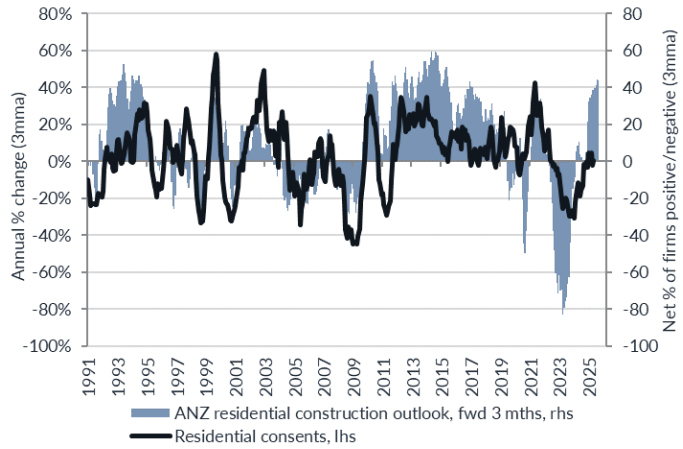
Source: interest.co.nz, Stats NZ, Forsyth Barr analysis

Figure 13. Housing turnover has picked up from its lows and detached consents should follow



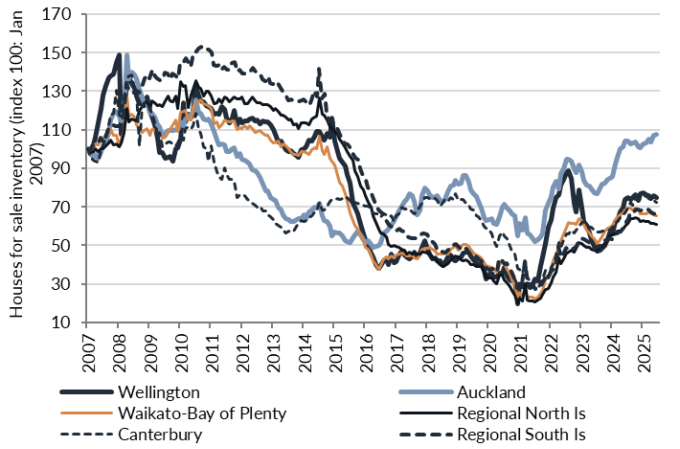
Source: REINZ, Stats NZ, Forsyth Barr analysis

Figure 14. Residential construction intentions remain positive



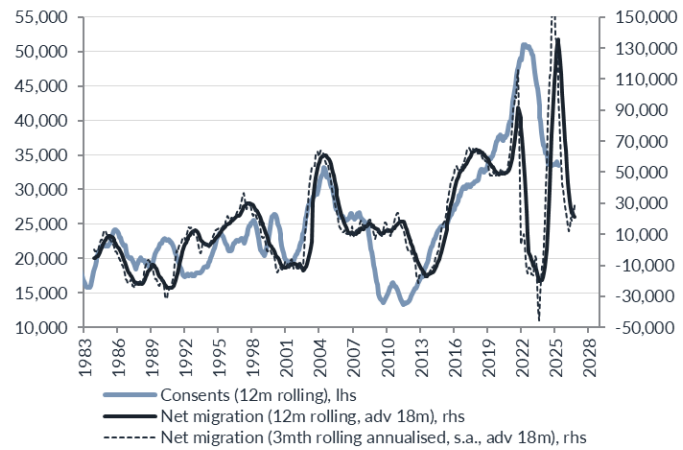
Source: ANZ, Stats NZ, Forsyth Barr analysis

Figure 15. However, inventory of homes for sale is elevated ...



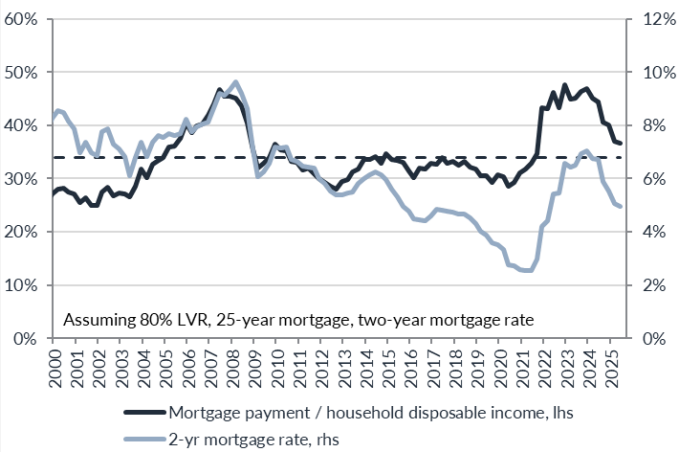
Source: Stats NZ, Forsyth Barr analysis

Figure 16. ... migration has declined significantly (but is potentially turning) ...



Source: Stats NZ, Forsyth Barr analysis

Figure 17. ... and affordability is improving but not back to long-run average levels



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

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