Market Insights
FINZScore

Building Industry Federation Board Meeting



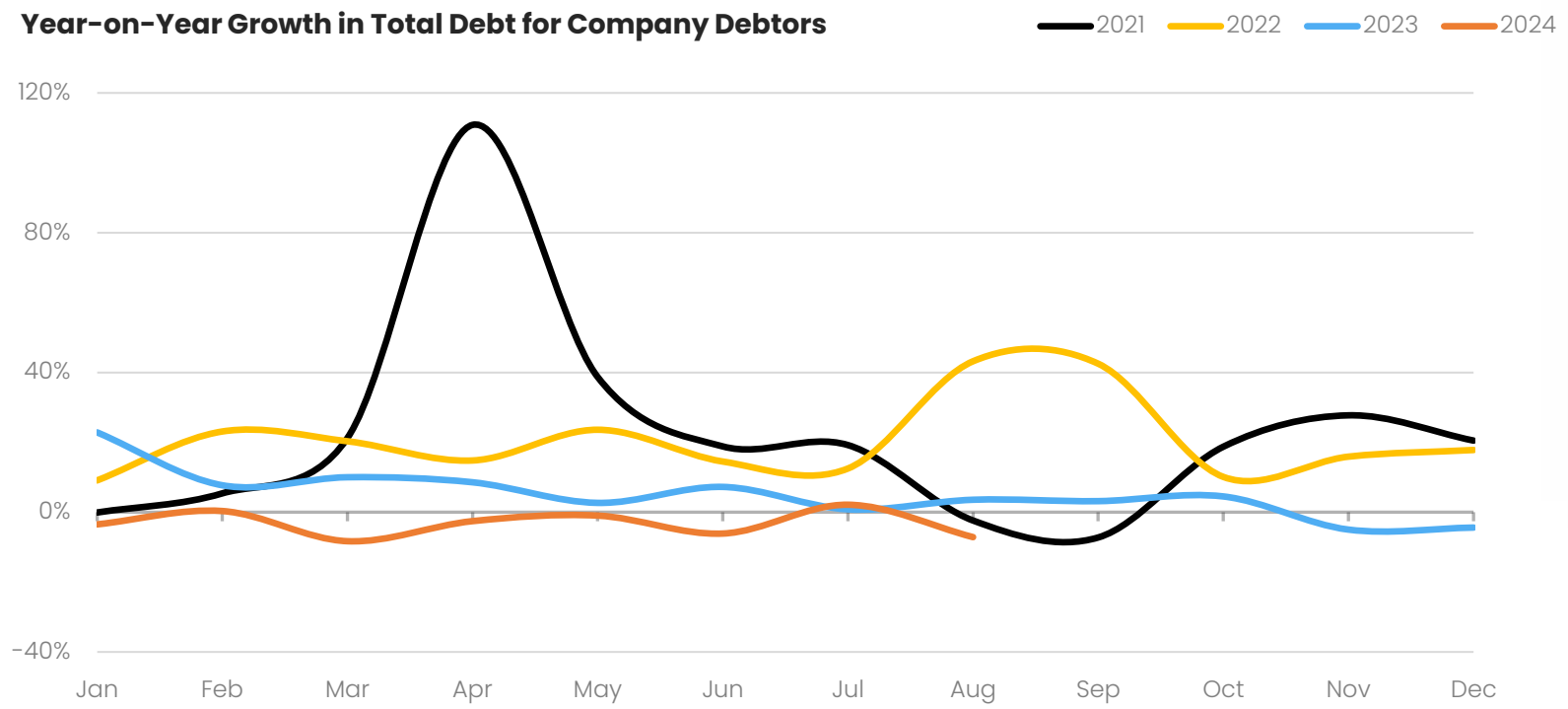


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Key Credit Risk Insights.

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Total Debt in August 2024 Was Down 7.1% vs. The Same Time Last Year



August 2024

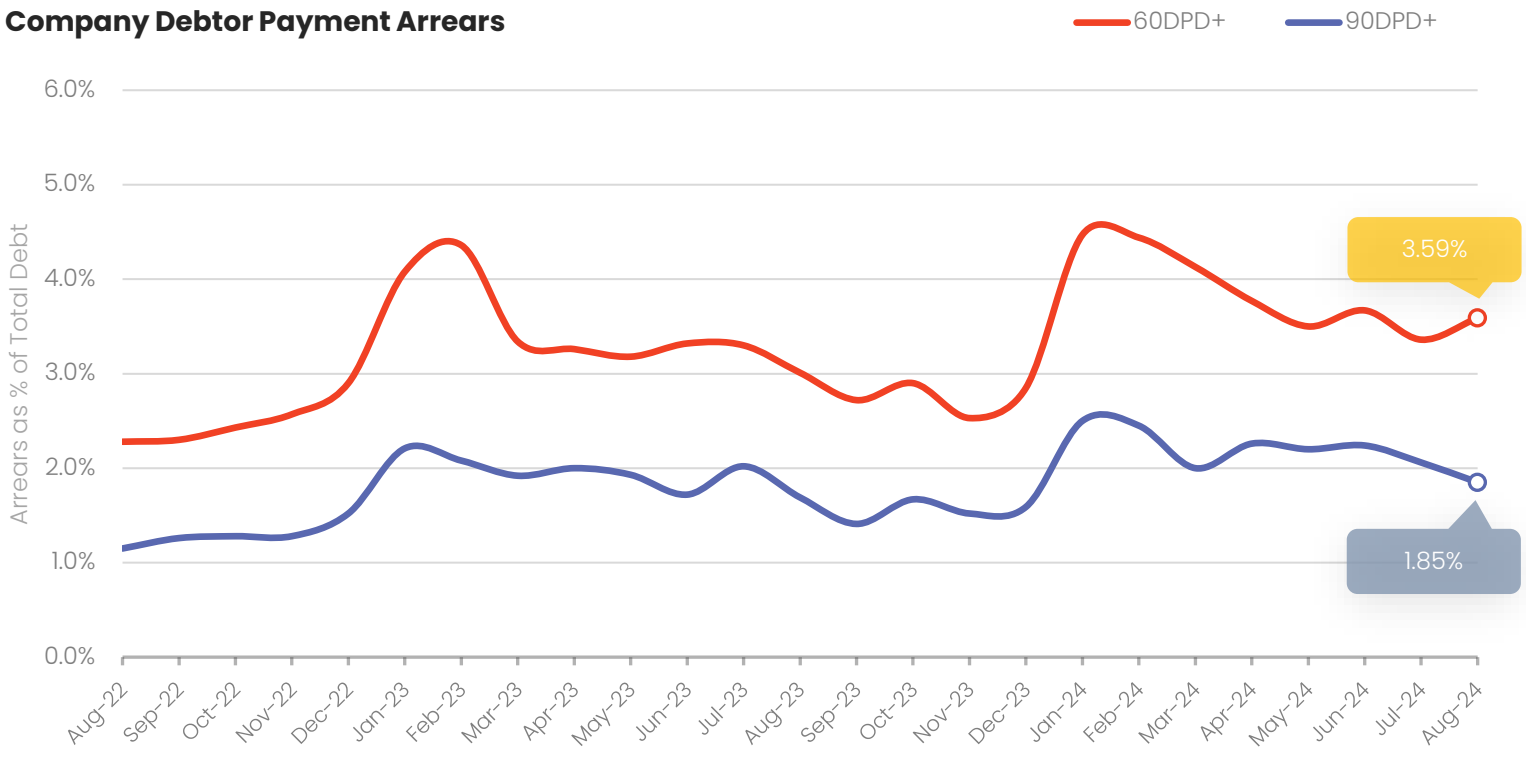
7.1%

Total Debt Balance for August 2024 was 7.1% lower compared to the same time last year.

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Company Debtors Arrears a Mixed Bag in August: 60DPD+ Increase, While Longer-Dated 90DPD+ Improve



60DPD+ Arrears

MoM Change ↑ **23bps**

YoY Change ↑ **58bps**

A 23bps increase in 60DPD+ through August reverses most of the gains seen last month.

90DPD+ Arrears

MoM Change ↓ **21bps**

YoY Change ↑ **16bps**

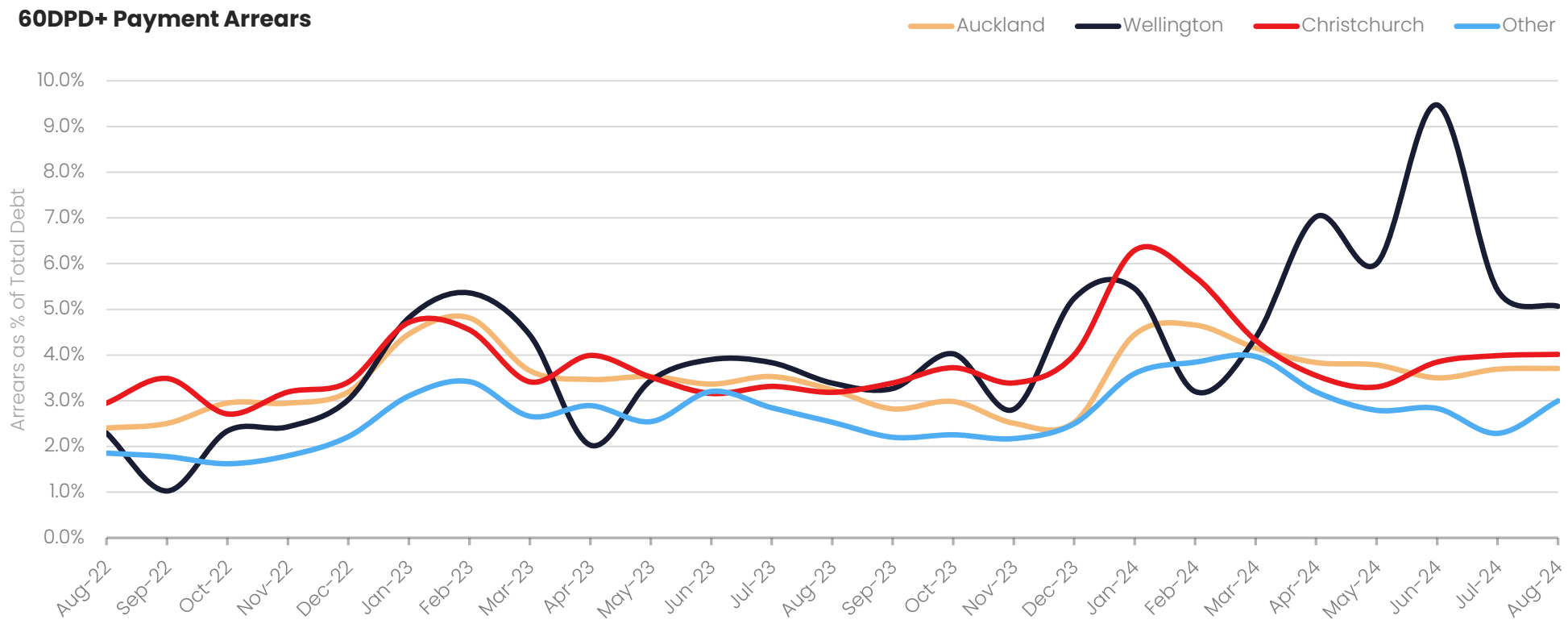
Conversely, 90DPD+ arrears saw a material improvement through August but remain slightly up year-on-year.

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August's Increase in 60DPD+ Arrears Were Underpinned by Debtors in Aggregated 'Other' Regions', Auckland and Christchurch stable.

(Location Determined by Debtor Address on the Companies Office)



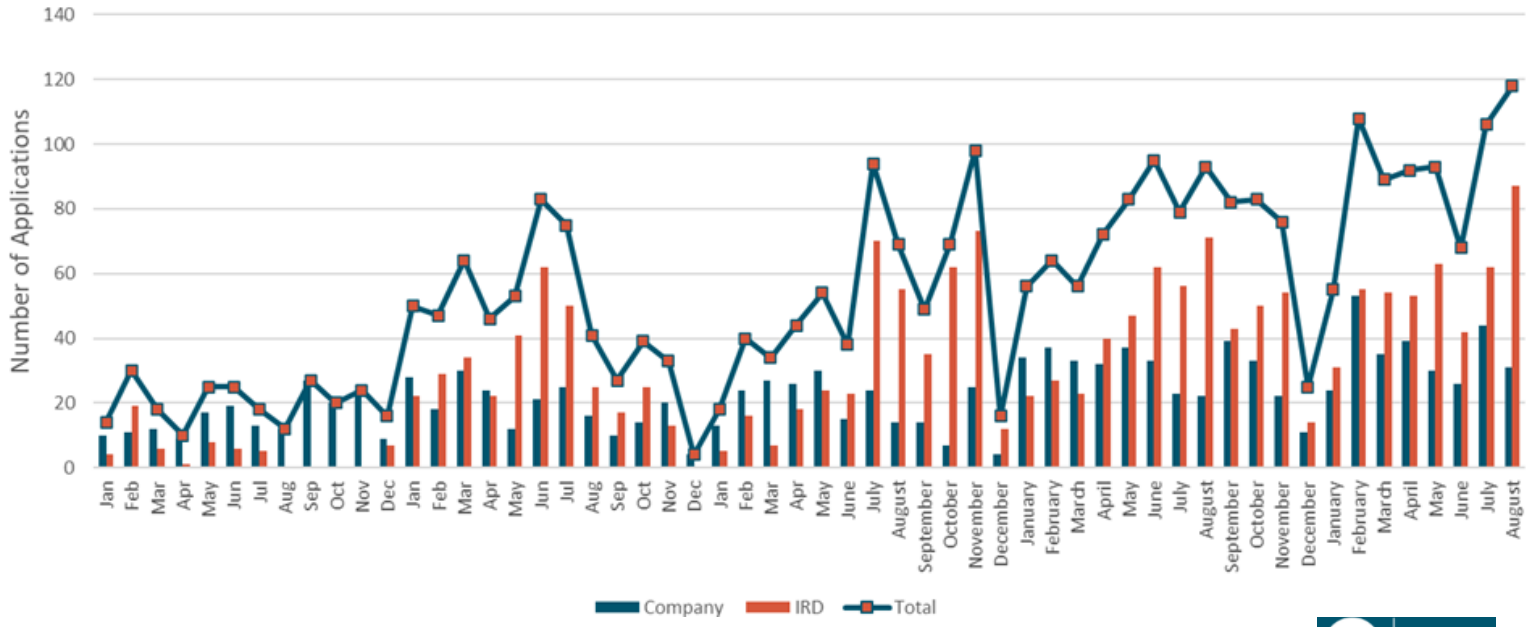
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Winding Up Applications (IRD and Company Combined)

As per the McDonald Vague Insolvency report August 2024

Winding Up Applications (All Companies)



Month-on-Month

2.6%

The rolling annual volume of Winding Up Applications was 2.6% higher in Aug-24 vs. Jul-24.

Year-on-Year

19.9%

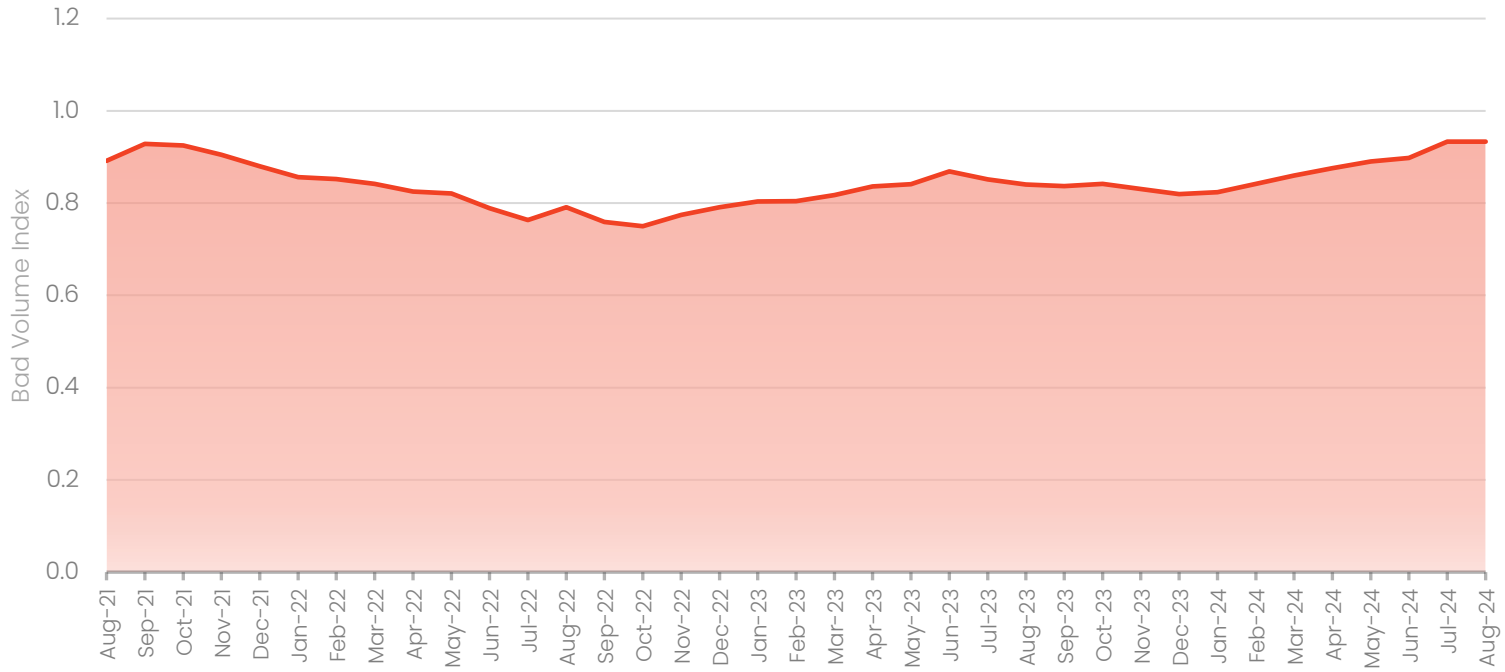
The rolling annual volume of Winding Up Applications was up 19.9% in Aug-24 vs. Aug-23.

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Rolling Trend in CreditWorks Debtors Going 'Bad'

(Default, Judgement, Administration, Receivership, Liquidation)

Annual Volume of 'Bad' Debtors Index (Indexed to December 2019)



Month-on-Month

0.8%

Annual volume of debtors going bad increased 0.8% MoM in Aug-24.

Year-on-Year

11.5%

Annual volume of debtors going bad was up 11.5% YoY in Aug-24.

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Comparison of Building Consents and Sales Trends.

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Changes to Methodology

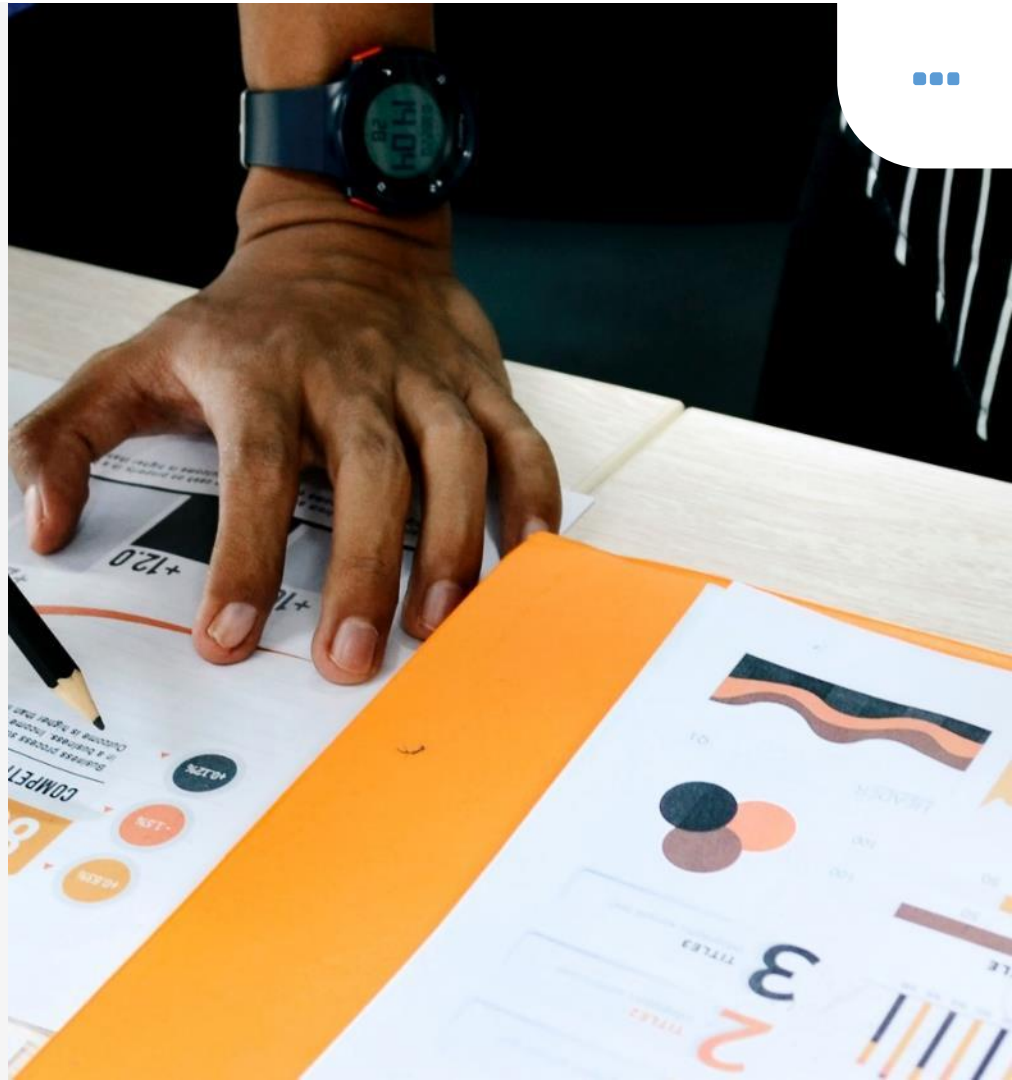
Changes to Consents vs. Construction Sales Time Series

This month's report includes a change in methodology concerning the treatment of the Consents vs. Construction Sales Time Series.

Previously, the Consents and Construction comparisons were plotted over the past three years, and a polynomial trend line was used to smooth month-on-month volatility. A comparison of the peaks between both smoothed time series used to analyse the 'lag' between consents and sales activity.

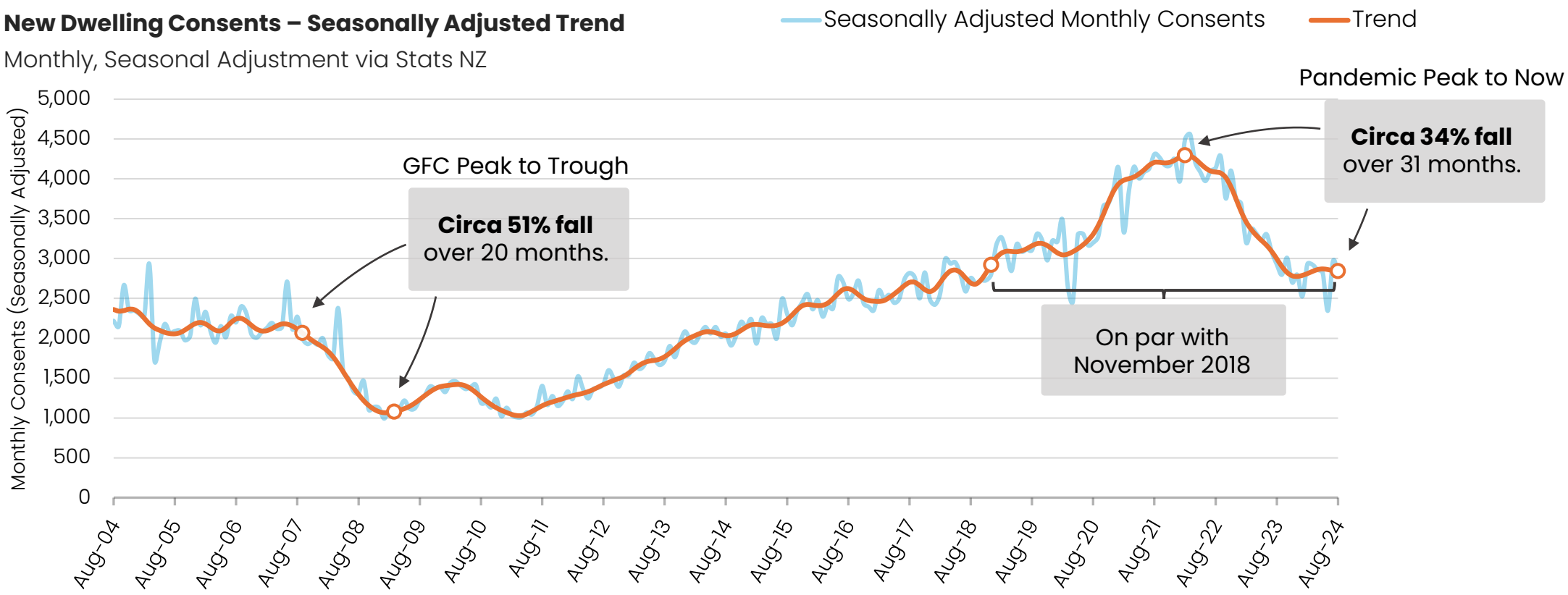
In this month's report, we have shifted approach to recognise that the consents peak has fallen off this three-year timeframe and we've lost sight of some post-pandemic context. We've extended the time-series for New Dwelling Consents vs. Construction Sales to capture the full post-pandemic cycle, as well as including a new long-term consents trend which shows that consents have returned to the long-term trend - reiterating that the recent slowdown are disproportionately impacted by the Post-COVID boom.

We've also simplified the methodology to smoothing the month-on-month volatility by using an indexed rolling annual sales/consents volume, bringing it in line with other pages of this report and market commentary.



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New Dwelling Consents Are Down a Third Since the Peak, but the Long-Term Trend Puts the Volumes into Perspective



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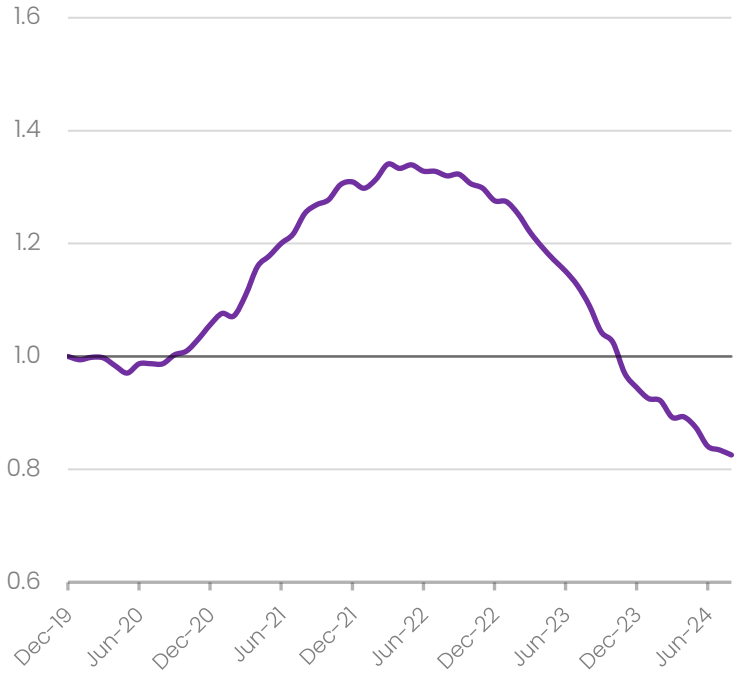
Seasonally Adjusted Consents Source: Stats NZ

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The North vs. South Divide:
K-Shape is Evident in New Dwelling Consent Volumes

North Island – Rolling Annual Consents

Index: Dec 2019



Change in Annual Consents Since Dec-2019

17.5%

South Island – Rolling Annual Consents

Index: Dec 2019



Change in Annual Consents Since Dec-2019

10.5%

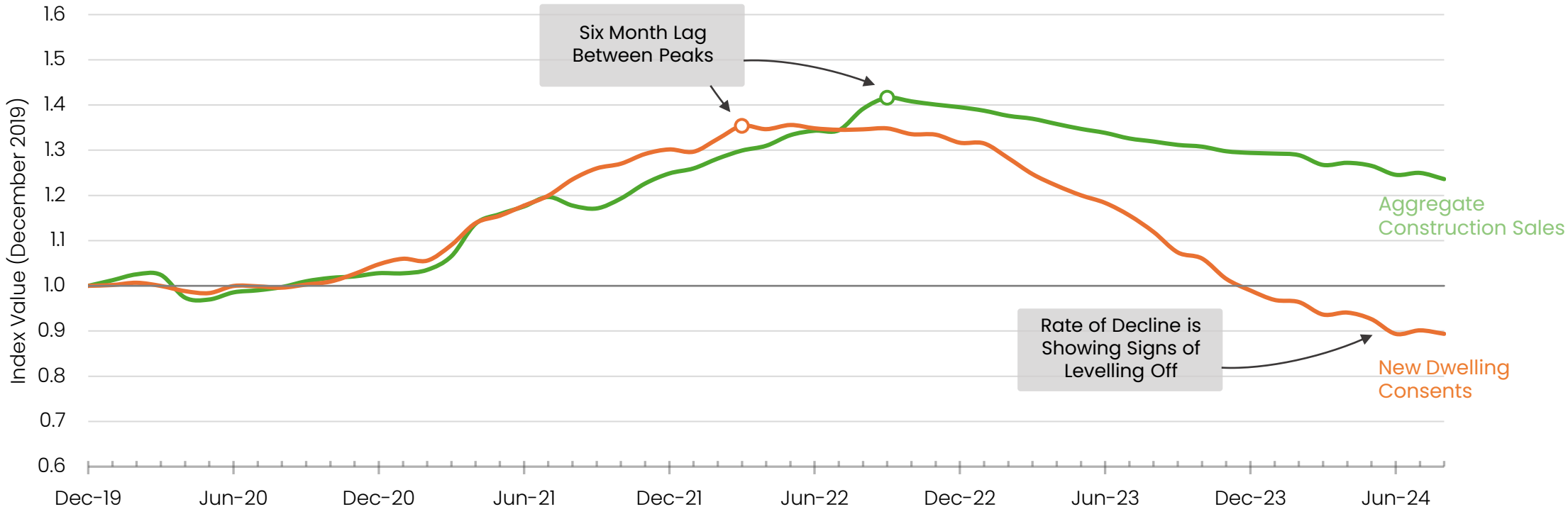
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The Trend in Construction Sector Sales Confirms that Pipelines are Being Stretched to Mitigate the Dwindling Consent Activity. Current Annual Sales Remain Above Pre-COVID Levels.

Construction Rolling Annual Sales vs. Rolling Annual New Dwelling Consents

Indexed to December 2019, Inflation Adjusted (CPI Dec 2019 = 1000)

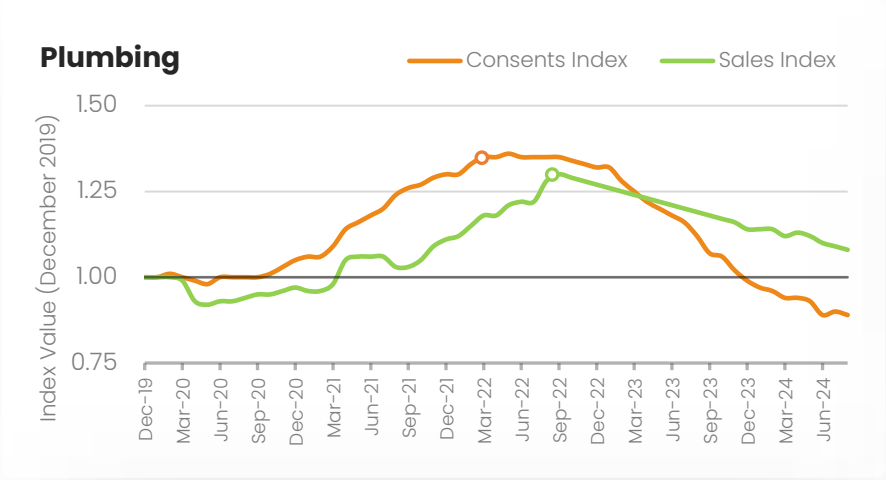


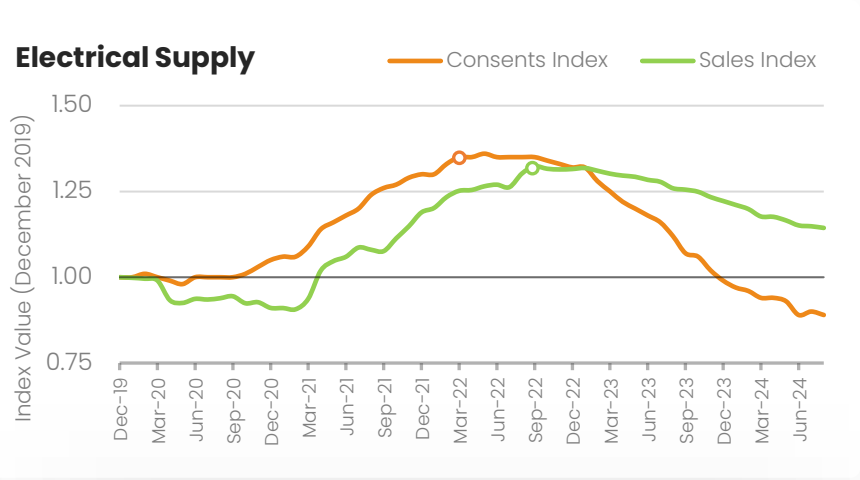
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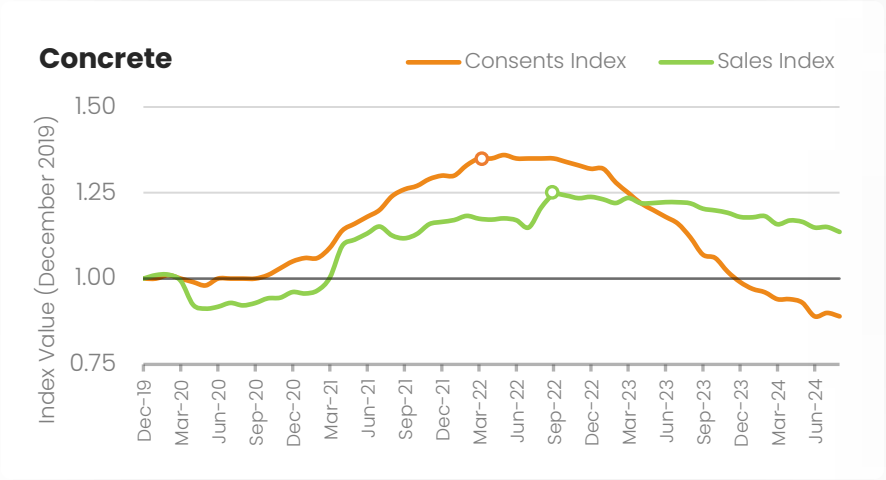
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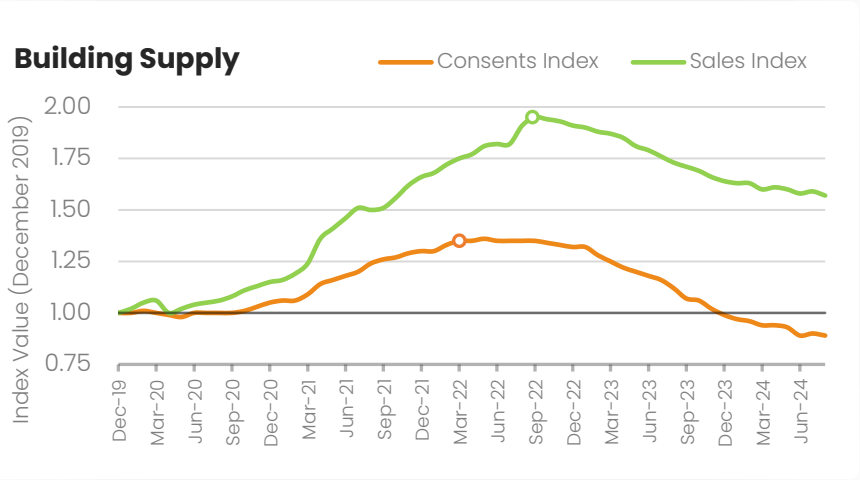
Inflation Adjusted Sales vs Consents for Spotlight Vendor Industries

(Inflation Indexed to CPI; Base 1000 = December 2019)









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Vendor Industry DSO
Insights.

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Days Sales Outstanding by Vendor Industry (1 of 4)

Vendor Segment	DSO - August 24	Month-on-Month Change (%)	Year-on-Year Change (%)	Last 13 Months Trend
Air Conditioning / Refrigeration	46.0	-4.3%	5.6%	
Aluminium - Wholesale / Extrusion	38.4	-3.1%	-6.3%	
Automotive Industry	52.1	-13.0%	3.8%	
Builder - Commercial	35.9	-20.9%	9.4%	
Builder - Residential	44.3	2.0%	38.9%	
Building Materials	46.9	-4.1%	-4.6%	
Building Sub-Trades	47.4	2.4%	2.5%	
Building Supply Merchants	43.9	1.0%	5.0%	

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Days Sales Outstanding by Vendor Industry (2 of 4)

Vendor Segment	DSO - August 24	Month-on-Month Change (%)	Year-on-Year Change (%)	Last 13 Months Trend
Civil Engineering	38.2	-1.4%	5.8%	
Concrete	40.8	-6.8%	-2.5%	
Electrical Sub-Contractors	39.7	2.8%	-4.3%	
Electrical Supply Merchants	48.3	-1.9%	-3.1%	
Energy & Fuel Resources	35.8	-4.6%	5.5%	
Equipment Hire	46.5	0.6%	3.4%	
Finance & Insurance	63.1	-1.1%	-1.0%	
Flooring	42.5	41.6%	-12.2%	

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Days Sales Outstanding by Vendor Industry (3 of 4)

Vendor Segment	DSO - August 24	Month-on-Month Change (%)	Year-on-Year Change (%)	Last 13 Months Trend
Food & Beverage	39.6	0.8%	13.3%	
Glass	49.7	15.7%	22.7%	
Labour Hire	37.0	-2.7%	0.6%	
Manufacturing	49.9	0.5%	25.3%	
Other Building	52.0	7.5%	24.0%	
Plumbing	36.7	-1.4%	0.1%	
Pulp, Paper and Printing	39.0	27.1%	-19.5%	
Retail	41.1	31.4%	-16.8%	

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Days Sales Outstanding by Vendor Industry (4 of 4)

Vendor Segment	DSO - August 24	Month-on-Month Change (%)	Year-on-Year Change (%)	Last 13 Months Trend
Roofing	44.2	4.7%	5.8%	
Steel / Metal Products	34.7	0.4%	2.5%	
Technology & Service Providers	40.1	0.7%	-3.5%	
Timber	45.0	3.7%	-0.3%	
Travel	31.2	-1.5%	-5.5%	
Window Fabricators / Installers	40.1	-2.6%	-8.7%	

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finzscore “Building Confidence”

- CreditWorks and Master Builders Initiative
- New Report and Score Based on Balance Sheet,
  Profit & Loss, Selected Financial Ratios
- Planned Launch February 2025

- **WHY – To build Confidence in the Building Industry**

finzscore Financial Insights

Benefits

- Financial Rating (AAA to C) based on actual Financials
- Additional dataset for Lenders, Suppliers, Credit Insurers to provide credit accounts, higher credit limits and increased credit risk management
- A rating system for Home Buyers to assess a Builder when paying over large Deposits
- Assist Procurement Managers in decision making with a view of the financial strength of a Builder



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Questions

CreditWorks is proud to sponsor the NZ Building Industry Federation

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