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NEW ZEALAND EQUITY RESEARCH

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Building Sector
NZ Consents—Smoko's Nearly Over

ROHAN KOREMAN-SMIT, CFA
rohan.koreman-smit@forsythbarr.co.nz
+64 9 368 0085

PAUL LAXTON KORAUA
paul.koraua@forsythbarr.co.nz
+64 9 918 9234

Residential consents edged above the top end of the recent 30–35k range in August 2025 for the third time in the last two years. Both detached and high-density dwellings contributed to the lift. Regionally, Auckland appears to have reached an inflection point, with 12-month rolling year-on-year consents up +5%, while the rest of the country ex-Auckland is down -2% on the prior year. This is somewhat surprising given elevated inventory levels, declining rents, and modest house price declines in the Auckland market, as well as low inward migration. Non-residential remains volatile, taking a large step down in August. Industry feedback suggests that activity is starting to improve; albeit pricing pressure remains high and margins low. The next updates from the listed companies are Fletcher Building's (FBU) 1Q26 volumes in early-to-mid October and a trading update at its AGM on 22 October, as well as trading updates at Steel & Tube's (STU) AGM on 22 October, and Vulcan Steel's (VSL) AGM on 31 October.

Residential consents breaking the range

Residential consents rose +5.8% in the month to 36.9k (seasonally adjusted and annualised), breaking out from the top end of its recent 30–35k range. Both detached (+5.8% month-on-month) and high-density (+5.8%) saw month-on-month increases. On a 12-month rolling basis, residential consents were up +1.3% year-on-year, with detached +1.0% and high-density +1.6%. This increase has been driven by Auckland, which is up +5.4% (12-month rolling year-on-year), with the rest of the country down -1.5% on the prior year. Floor area consented, a key indicator of future residential new-build activity and a *c.*6-month lead for demand in FBU's materials and distribution divisions, was up +4.8% on the prior year on a six-month rolling basis and +2.4% for 12-month rolling. This suggests volumes should pick up over FY26 compared with guidance for 'activity to remain subdued over FY26'.

More volatility in non-residential

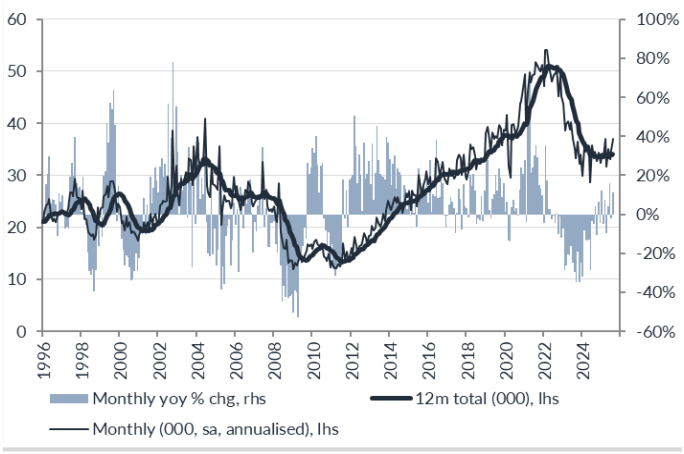
Non-residential value consented fell -37.4% year on year in August 2025. Non-residential consents are more volatile than residential, given larger project sizes. On a 12-month rolling basis, value consented was down -5.4%, while floor area consented was down -5.6%. Lower health and office consents were the key driver of year-on-year declines, partially offset by stronger accommodation, education, and industrial sectors. Industry anecdotes suggest that while commercial construction activity is improving, margins are tight, tendering is competitive, and regional variations are significant.

Figure 1. NZ building consents (August 2025)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (#)				
Detached houses ('000s)	17.7	16.9	16.2	15.8
Total ('000s)	36.9	35.0	34.8	34.1
yoy % chg				
Detached houses	8.4%	2.6%	0.2%	1.0%
Total	10.9%	7.6%	3.9%	1.3%
Total floor area	9.7%	9.9%	4.8%	2.4%
Non-residential				
Total (NZ$m)	596	1,868	4,367	8,651
yoy % chg	-37.4%	-16.6%	-3.2%	-5.4%

Source: Statistics NZ, Forsyth Barr analysis

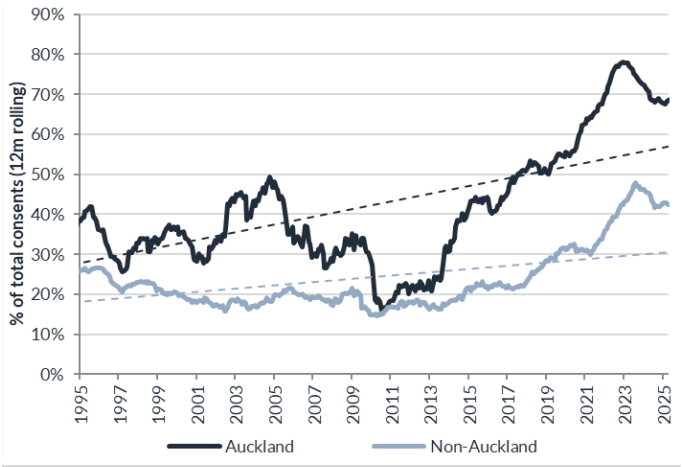
Figure 2. NZ residential consents



Source: Statistics NZ, Forsyth Barr analysis

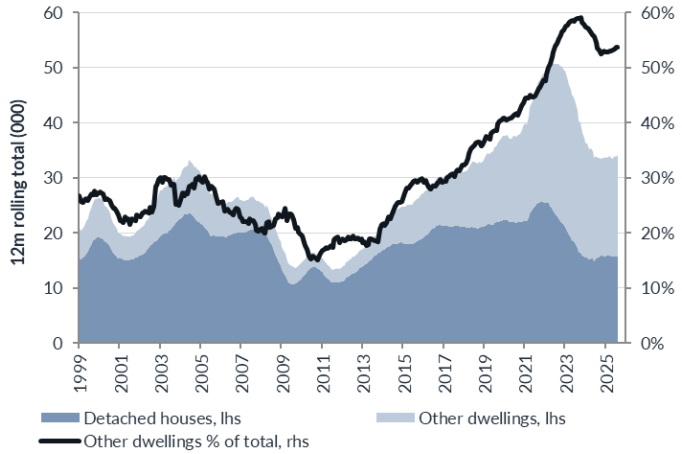
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Figure 3. % of residential consents multi-tenanted



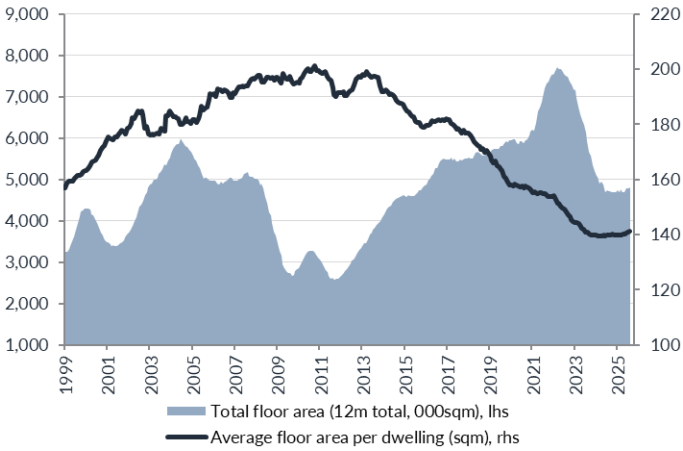
Source: Statistics NZ, Forsyth Barr analysis

Figure 4. NZ residential consents: houses vs other dwellings



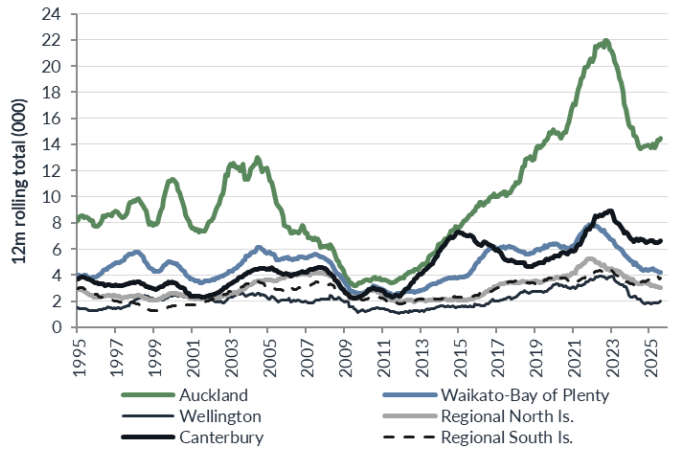
Source: Statistics NZ, Forsyth Barr analysis

Figure 5. NZ residential floor area consented



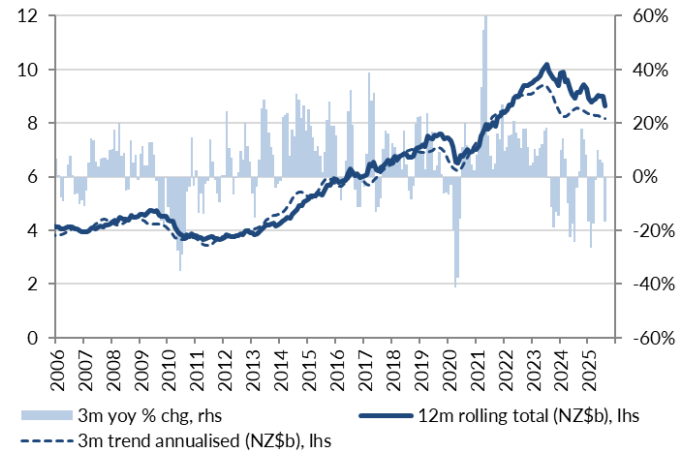
Source: Statistics NZ, Forsyth Barr analysis

Figure 6. NZ residential consents by region



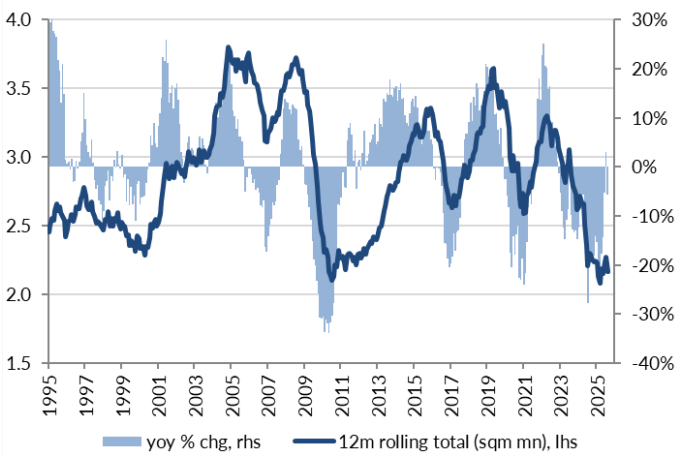
Source:Statistics NZ, Forsyth Barr analysis

Figure 7. NZ non-residential consents (value)



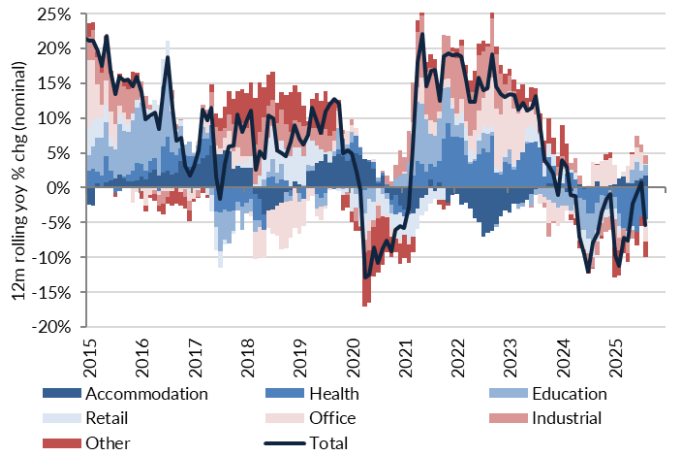
Source: Statistics NZ, Forsyth Barr analysis

Figure 8. NZ non-residential consents (sqm)



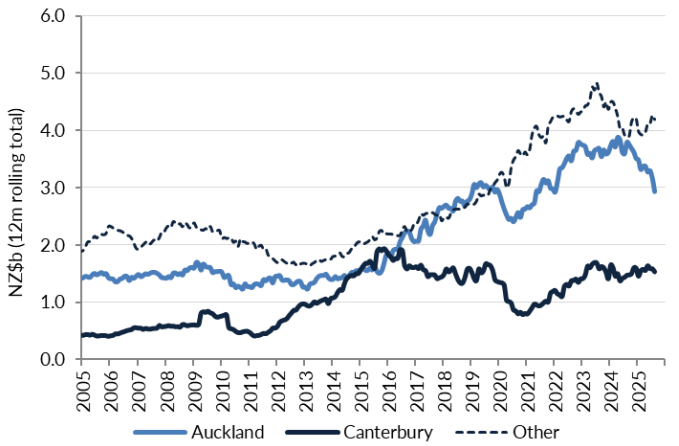
Source: Statistics NZ, Forsyth Barr analysis

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

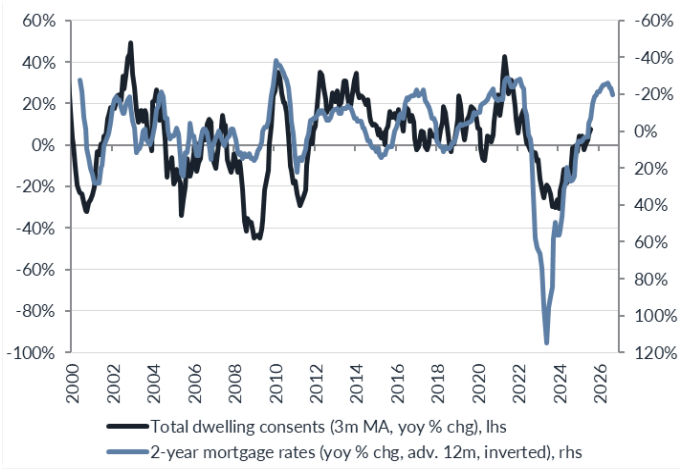
Figure 11. NZ building consents (August 2025)

	1 month	3 months	6 months	Annual
Residential				
Consented dwellings (yoy % chg)				
Auckland	12.1%	19.3%	10.2%	5.4%
Waikato-Bay of Plenty	0.8%	-7.6%	-9.0%	-4.8%
Wellington	27.5%	38.2%	19.2%	0.7%
Regional North Is	-13.2%	-15.1%	-12.1%	-9.1%
Canterbury	2.4%	5.9%	-1.5%	1.3%
Regional South Is	14.0%	-9.5%	2.3%	9.1%
Detached houses	8.4%	2.6%	0.2%	1.0%
Apartments	444.7%	154.1%	98.3%	45.5%
Retirement village units	-51.6%	-48.1%	-33.1%	-22.2%
Townhouses, flats, units	5.5%	12.3%	3.7%	-0.7%
Non-residential				
Regional (value) yoy % chg				
Auckland	-45.1%	-32.4%	-19.6%	-22.7%
Canterbury	-45.3%	-30.9%	-2.4%	4.1%
Other	-22.2%	8.9%	14.5%	7.9%
Total	**-37.4%**	**-16.6%**	**-3.2%**	**-5.4%**
m2 (000)	160	532	1,144	2,169
yoy % chg	-39.2%	4.0%	3.4%	-5.6%
Key sectors (value) yoy % chg				
Accommodation	130.0%	77.6%	20.2%	40.8%
Health	-73.1%	-19.6%	-37.3%	-32.3%
Education	-11.5%	-13.8%	17.4%	13.7%
Retail	-45.2%	-0.2%	-8.9%	1.7%
Office	-72.3%	-48.9%	-12.9%	-16.4%
Industrial	8.7%	4.9%	8.7%	4.3%

Source: Statistics NZ, Forsyth Barr analysis

Charts of Interest

Figure 12. Interest rates have reduced significantly



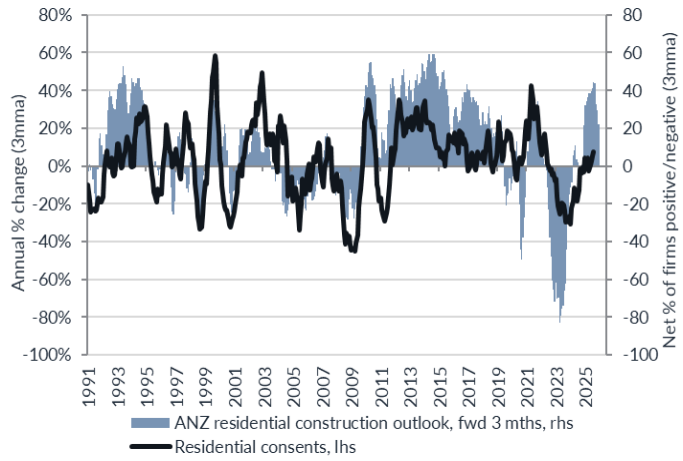
Source: interest.co.nz, Stats NZ, Forsyth Barr analysis

Figure 13. Housing turnover at historically normal levels



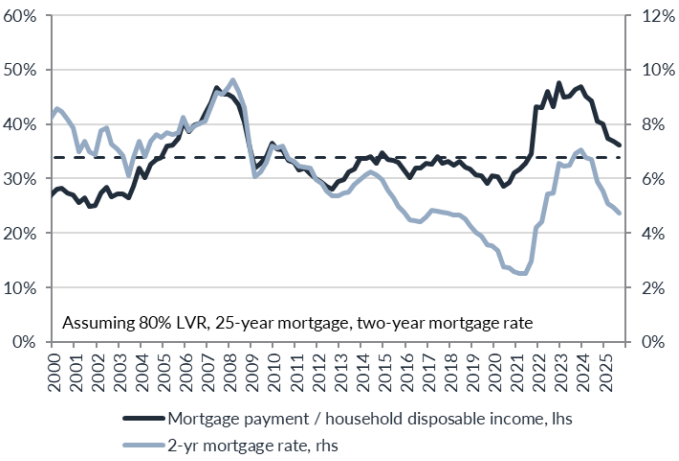
Source: REINZ, Stats NZ, Forsyth Barr analysis

Figure 14. Residential construction intentions positive



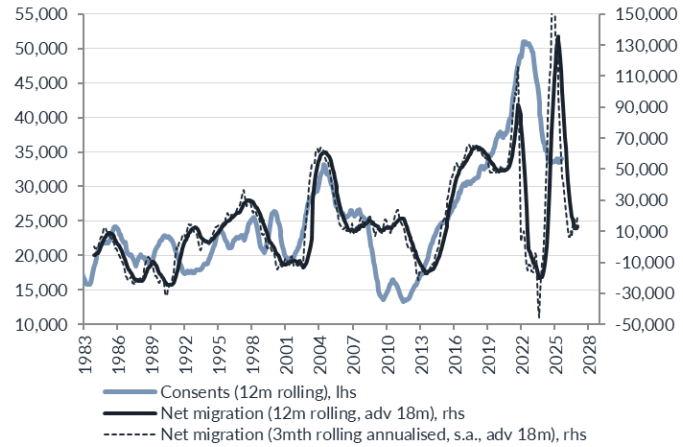
Source: ANZ, Stats NZ, Forsyth Barr analysis

Figure 15. Affordability almost back to 25-year average



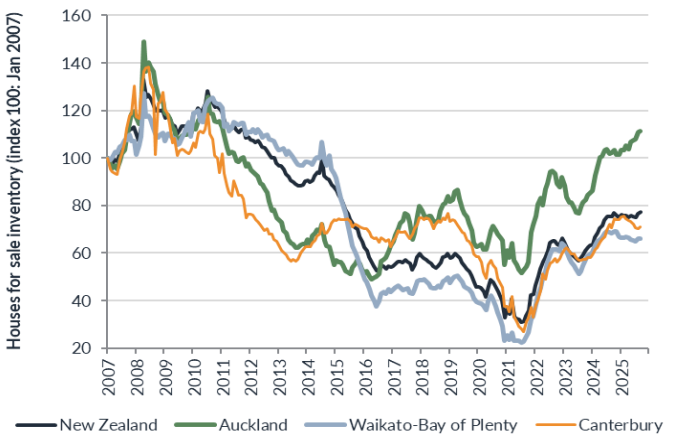
Source: Stats NZ, RBNZ, interest.co.nz, Forsyth Barr analysis

Figure 16. Net migration is at post-GFC levels



Source: Stats NZ, Forsyth Barr analysis

Figure 17. Inventory levels remain elevated



Source: Stats NZ, Forsyth Barr analysis

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