

National Construction Pipeline Projections to 2025

This is a summary of the key findings from the annual National Construction Pipeline Report. The Ministry of Business, Innovation and Employment (MBIE) commissioned BRANZ and Pacifecon to provide a six-year forward view of national building and construction activity. The report aims to give a clear pipeline of construction-related work to support:

planning in the sector

scheduling investment in skills development and capital equipment

coordinating construction procurement (particularly central and local government), which can lead to better scheduling of construction projects

The full 2020 Pipeline Report can be found at www.mbie.govt.nz. It is the eighth annual edition and provides a forecast through to the end of 2025.

The forecast is currently surrounded by significant uncertainty as a result of the COVID-19 pandemic. The forecasts presented have taken some lessons from the Global Financial Crisis but also recognise that the pandemic is a very different shock and we are operating in a very different environment. The ramifications of the pandemic are expected to be felt for several years.

What is the forward view of national building and construction activity for the next six years?

Due to the COVID-19 pandemic, the forecast is for a decline in the total value of construction through to 2023, after which recovery is expected.



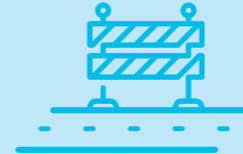
New Zealand's total construction value increased by 7.5% in 2019 to \$43.2b



Residential building activity is likely to be hit hardest by the COVID-19 pandemic



Non-residential building work is forecast to have peaked



Infrastructure activity is forecast to continue trending upwards.

Between 2019 and 2025



All dwelling consents



Multi-unit dwelling consents

The total construction value is **forecast to drop off** to \$29.7b in 2023

\$29.7b
2023

Residential buildings are the **largest contributor** to national construction.

44%
2025

The value of residential construction is **expected to fall** from \$23.7b in 2019 to \$13.4b in 2023

\$13.4b
2023

Auckland is **forecast to continue to grow** to represent 46% of total national construction value and 47% of dwelling unit consents in 2025

47%
2025

A drop in non-residential building work is forecast from \$10b in 2019 to \$5.8b in 2022 before recovering to \$7.4b in 2025

\$5.8b
2022

\$7.4b
2025

Infrastructure activity is forecast to increase throughout the forecast period to \$10.1b in 2025

\$10.1b
2025

Growth in infrastructure is expected to be particularly strong in Auckland and Waikato/Bay of Plenty.

Dwelling consents (detached and multi-units) are forecast to drop from the high of over 37,000 new dwelling consents in 2019, to 26,000 in 2025.

26k
2025

The forecast is now for 161,000 new dwellings to be consented over the next six years, an average of about 26,800 per year.

161k
to 2025

Multi-unit dwellings are anticipated to be hardest hit by the COVID-19 pandemic, particularly apartments, and their proportions in all dwellings are forecast to decrease to 32% in 2022, before recovering to 39% in 2025.

39%
2025