

BRANZ Building & Construction sector economic insights

Overview

Highlights from Q1



Housing affordability

- Building a new house costs \$201,000 more than buying an existing house, on average.
- The cost to build a house has increased by nearly 20% since mid-2022, with an average 200m² house costing \$777,000 in March 2025.



Building supply

- New builds are getting smaller. The average size of new standalone houses consented in 2024 was 176m², compared to 184m² in 2023.
- Since 2023, building consents for standalone houses have increased slightly, whereas consents for attached dwellings have decreased by 16%.



Building resilience

- There are more construction businesses and workers now than ever before.
- But business liquidations in February 2025 are up 37% compared to February 2024, with construction making up 31% of liquidations.



Trades training

- Carpentry apprentices have more than doubled in the past decade – there are 21,165 apprentices in 2023, compared to 9,280 in 2014.



This report provides the latest analysis drawn from Build Insights, a new tool to track building system data.

Bringing together reliable insights from across the building sector into one trusted source, Build Insights supports industry best practice, decision-making and analysis.

Build Insights can help you:

- Gain insights on forecasted demand
- Track workforce trends
- Better predict build delivery & consenting times
- Understand living conditions for New Zealanders
- Monitor changes across the building sector
- Identify the uptake of innovation & business resilience

See it here: **branz.co.nz/buildinsights**

Build Insights is constantly being updated with new data sources. Have reliable data to share? **Let us know**
BuildInsights@branz.co.nz

Housing Affordability

Building costs have increased by 3%

- In October 2023, BNZ estimated the difference in the cost to build versus buy an existing house at \$197,000.
- To March 2025, build costs have increased by 7%, whereas the price of existing houses has only increased by 3% - which means the difference is now \$201,000.
- BRANZ estimates that a basic quality 200m² home would have cost just over \$650,000 in mid-2022. The same house would have increased nearly 20% to \$777,000 in March 2025.

Section prices have reduced, compared to 2022

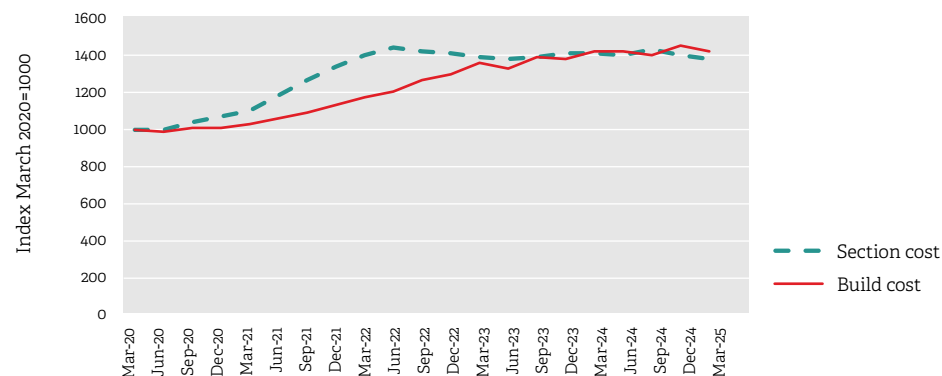
- BRANZ New Build Index showed section prices increased steadily post-pandemic through to mid-2022.
- BRANZ estimates that a 500m² section would have cost about \$275,000 in mid-2022. The same section would have reduced to about \$240,000 in March 2025. There is significant variation in different regions. BRANZ estimates that the average cost of a 500m² section in the Auckland region would be over \$505,000, compared to \$65,000 in the West Coast.

Housing affordability is lifting

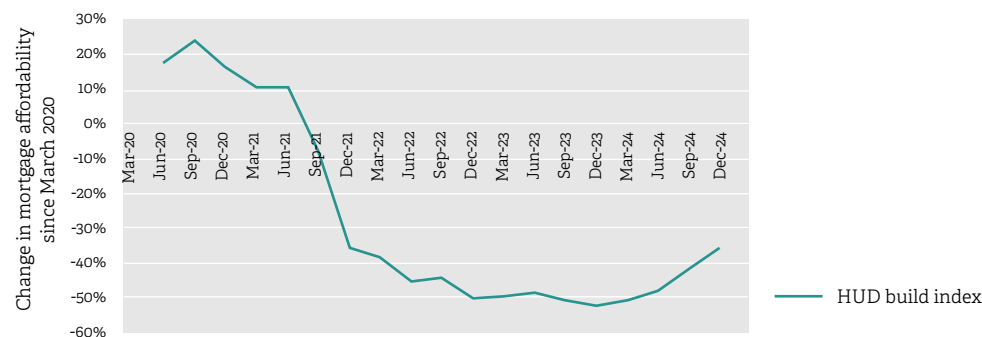
- Mortgage affordability has improved slightly since late 2023/early 2024, as the value of existing houses has fallen, and the Reserve Bank has cut the Official Cash Rate.
- However, the affordability of servicing a new mortgage is still well down from the early stages of the pandemic when interest rates were low.

The **total average price** for a **section + new build standalone house** is about **\$1,018,000**

It costs **over \$200,000 more** to **build a new house** than **buy an existing house** of the same size



Section and build cost index



Change in MHUD Mortgage Affordability Index, 2022-2024

Build Insights data sources:

- BNZ Economic Pulse October 2023
- BRANZ New Build Index – using data from REINZ & Stats NZ
- Ministry of Housing and Urban Development's Change in Housing Affordability Indicators (CHAI)

Building supply

Residential consents are up 0.7% - but houses are getting smaller

- New standalone house building consents hit 15,975 in 12 months ending March 2025, an increase of 5% from the 12 months ending March 2024.
- Houses are getting smaller; the average size of new standalone houses consented in 2024 was 176m² compared to 184m² in 2023.

Building consents for attached dwellings are down 17%

- The new attached market (apartments, townhouses, units, etc) has seen a decrease in the number of building consents.
- Just over 20,000 building consents were issued in the year ending March 2024, but this has fallen to 18,087 in the year ending March 2025, down 16%.

The total \$ value of residential building consents has fallen by 13%

- Overall, the value of residential building consents in 2024, including alteration and additions, has fallen by 13% compared to 2023 after adjusting for inflation.

175,000 new houses could be **needed by 2030**. This means we need to **build 35,000 homes per year**

BRANZ Forecast of New Dwelling Consents:

| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 |
|--------------------|--------|--------|--------|--------|--------|--------|--------|
| Number of consents | 37,239 | 33,600 | 34,000 | 33,500 | 34,000 | 35,500 | 38,000 |

BRANZ says: Simpler, smaller new builds are good for housing affordability. Smaller houses cost less to build and are also more cost-effective for people to live in and maintain

Build Insights data source:

- BRANZ Forecast of New Dwelling Consents



Business resilience in building & construction

Construction business growth is the highest on record...

- There are more construction businesses and workers now than ever before – in 2024, there were 81,891 businesses.
- Construction business growth outpaces rate of all industries in last decade.

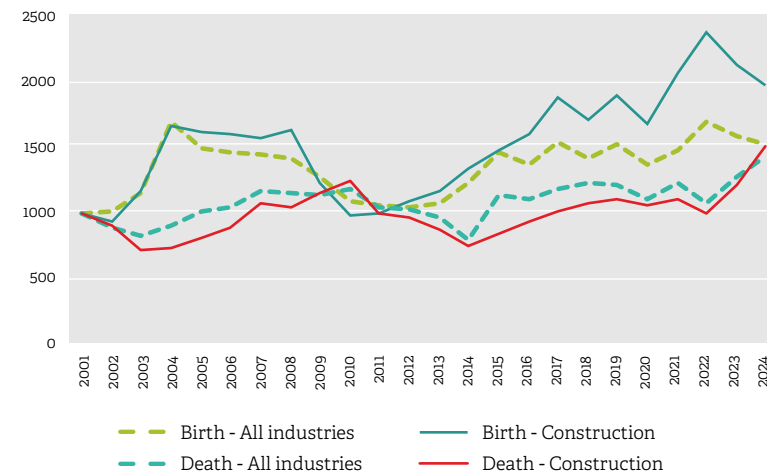
But business liquidations are also increasing

- The industry is still feeling the effects of the economic downturn.
- Centrix data shows liquidations were up 37% in the year to February 2025. In the construction industry, there were 73 liquidations, which accounts for 31% of all liquidations over that time.
- The number of construction businesses ceasing operation (which includes liquidations) has tracked up steeply since 2022, and the number of construction businesses starting up has also declined.

Long-term, the story is positive

- Since 2012, more construction businesses have been started and less have ceased in comparison to industries overall.

The number of **construction businesses is at an all-time high**, and the industry **employs more people than ever before**



Number of organisation started and ceased for all industries and construction, indexed to 2001
Started operations vs. ceased operations

Build Insights data sources:

- Credit bureau Centrix's March 2025 Credit Indicator Report

People in building and construction

Participation in trades training has nearly doubled

- The growth in construction businesses has been matched by increases in the number of people participating in industry-related education and training.
- According to the Ministry of Education, the total number of trainees, apprentices and tertiary qualification students in construction has increased from 57,000 in 2014 to 93,000 in 2023.
- Apprenticeships are up for 3rd year in a row, and have more than doubled from 21,140 in 2014 to 45,520 in 2024.

Carpentry apprenticeships have increased by 128%

- Carpentry accounts for nearly half the number of apprentices – 9,280 in 2014 and 21,165 in 2023.
- These increasing numbers of people participating in industry education are a good sign for resilience.

But productivity and profitability is a mixed bag

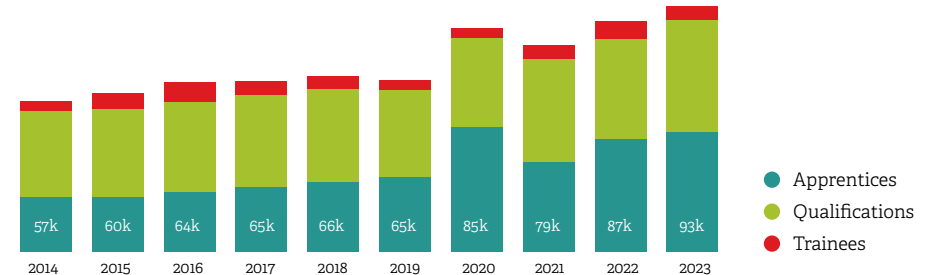
- Low productivity and profitability provide a challenging environment for construction industry resilience.
- According to StatsNZ both labour and multi-factor productivity (the overall efficiency of labour and capital) improved steadily from 2011 to 2018, but after that the trend has been much flatter.
- Profit margins for construction businesses, measured as a percentage of income, has remained pretty stable and comparable to the last decade, although has fallen from a peak of 8.5% in 2022 to 8.1% in 2023.
- These indicators show that the industry has a relatively stable base to respond to future growth.
- The Demand section in the Building Insights dashboard suggests a slow and steady return to growth. This steadiness is beneficial, meaning less stress on the industry which is unlikely to be able to ramp up in the same way it did post-pandemic.

This analysis is based on the latest insights as of 2 May 2025

Increase in carpentry apprenticeship participation

| | 2018 | 2019 | 2020 | 2021 | 2023 | 2023 |
|---------------------------|--------|--------|--------|--------|--------|--------|
| Carpentry apprenticeships | 12,830 | 13,575 | 21,615 | 15,610 | 19,460 | 21,165 |

BRANZ says: The number of apprenticeships underway is a great sign for the future of the industry. Keeping them engaged in the industry for the long-term is the next step



Apprentices and other. Source: Ministry of Education

Demand signals suggest a slow and steady return to growth

Build Insights data sources:

- Ministry of Education
- Stats NZ