NOV 2026

ISSUE #13



THE PULSE

UNDERSTANDING FUTURE DEMAND FOR RESIDENTIAL AND COMMERCIAL CONSTRUCTION

BRANZ

creditworks

FORSYTH BARR

EBOSS

INTRODUCTION

——— Welcome to **Issue #13 of The Pulse** - your quarterly degustation of industry insights designed to help you understand the future demand for residential and commercial construction in New Zealand.

Alongside our partners **BRANZ**, **CreditWorks** and **Forsyth Barr**, EBOSS is proud to bring you these series of reports that combine insights and opinions from our expert contributors.

We'd also like to recognise the **Ministry of Cities, Environment, Regions & Transport** for their continued input and contributions.

WHAT'S INSIDE?

In order to form a vision of the future, we take available data today and arrange it for analysis over 4 logical stages:

YESTERDAY

——— **Work completed**

TODAY

——— **Work under construction**

TOMORROW

——— **Work consented, but not yet constructed**

FUTURE

——— **Neither consented or constructed yet**

Front Cover Illustration Credit: Malcolm Walker

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What you need to know in 60 seconds:

YESTERDAY

- **Completions down:** ~35,200 CCCs in the year to Sept-26, -9% YoY (Auckland -12%)
- **Activity back to growth:** Construction activity returned to growth in the June quarter for the first time since mid-2024, with residential up 0.4%, its first rise in four years
- **Housing market soft**: sales volumes -10.6% YoY, median sales prices -2.3%
- **Rates biting:** OCR at 2.75%, investor lending -23%, first home buyers remain active
- **Costs rising:** construction costs +3.2% on Gulf War crisis



TODAY

- **Merchant sales strong:** Aug YoY building merchant +12%, electrical merchant+34%, plumbing merchant +20%, (not inflation-adjusted)
- **Fletcher Building recovering:** back in profit, with volumes improving in Light Building Products
- **Ready Mix Concrete volumes up:** +3.7% in the June quarter, so completions may follow
- **Watch the stress signals:** winding-up applications are up 18% YoY, and merchants have tightened credit to hold Days Sales Outstanding (DSO) below 2024/25 levels



TOMORROW

- **Consents climbing:** ~41,100 annual 12-month rolling consents, +17% YoY, with Auckland 42%
- **Recovery broadening:** 7.7 consents per 1,000, 11 of 16 regions up led by Canterbury and Otago
- **Homes shrinking:** average floor area down from 148m² to 138m² in four years
- **Government consenting is flat in net terms:** Kāinga Ora has moved to replacement-only, while Community Housing Providers are ramping up, albeit slowly
- **Non-residential value is flat:** (-3% YoY), but floor area is up 7%, with Education +34% and Health +14% in Q3



FUTURE

- **Cash rates the headwind:** RBNZ sees the OCR at 3.0–3.25% by end-2027, markets see 4.0%
- **Affordability tight:** mortgage servicing ~35% of income vs a 34% long-run average
- **Migration recovering:** net gain of +20,500, but demand still sits below current consenting levels
- **Consents set to rise:** ~42k (2026) to ~45.7k (2028), though quarterly numbers may track sideways
- **Completions to recover:** forecast ~41,300 in the year to June 2029
- **Non-residential flat in real terms:** +2.7% a year before inflation



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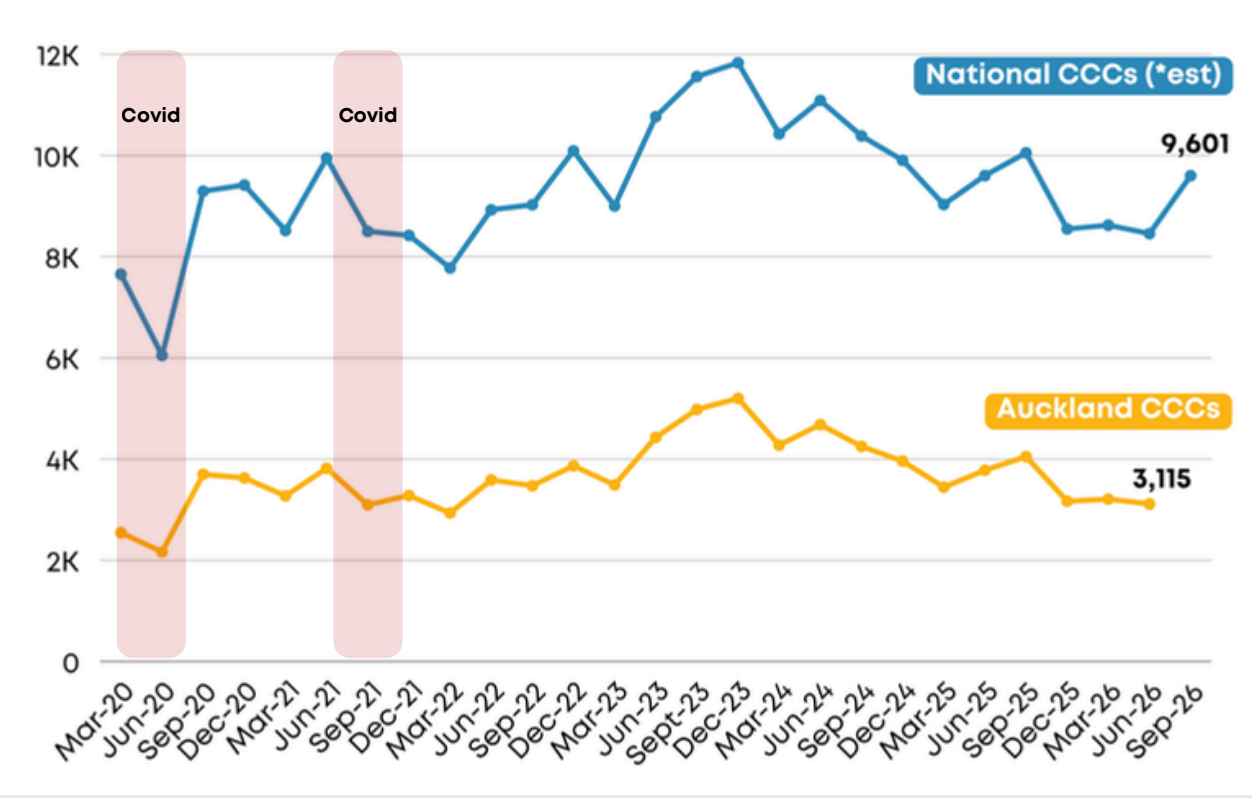
YESTERDAY

— Work completed

- The EBOSS/BRANZ CCC Estimation Model** for Code Compliance Certificate issuance has been remodelled by the new BRANZ Economist, and national completions are now estimated to have reached **35,228** for the year to Sept-26, that's **down -9% YoY**, with Auckland dropping -12%
- Nationwide, BRANZ estimates suggest that an **average of 9,000 new dwellings per quarter** received a code compliance certificate over the past two years
- Note the jump in national CCCs in the Sept-2026 quarter, suggesting a spring lift in completions

***Based on the Statistics NZ experimental dataset released in April 2024*

National Estimated CCCs and Auckland Region Actual CCCs by Quarter
Period: Mar-20 to June-26 (AKL) & Sept-26 (National)



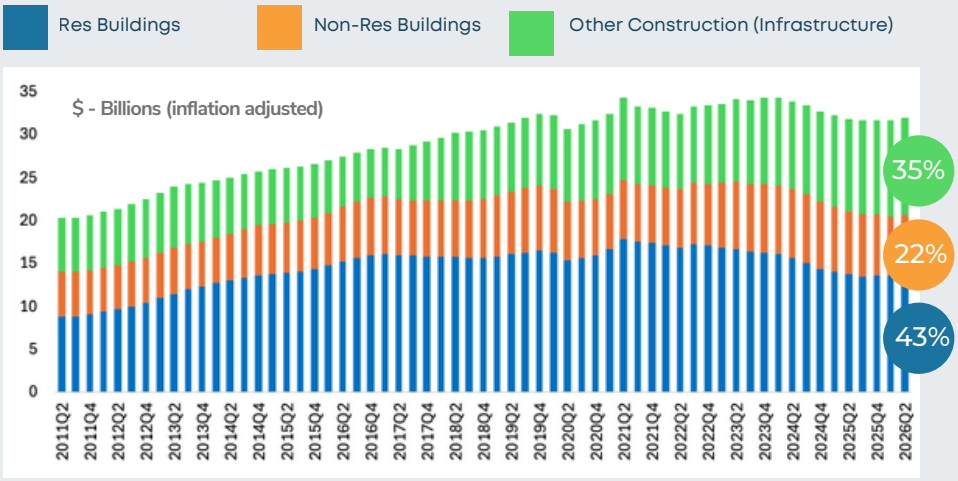
Source: BRANZ Forecast & Auckland Council

- For the Auckland Region we have actual CCC data available from Auckland Council of course, confirming **3,115 certificates** were issued for June 2026 quarter, that's **-17% down on the same period last year**
- As a reminder, Auckland of late has represented approximately 40% of all residential building consents
- So far this year the average percentage of CCCs issued to building consents within 2 years in at 77%, that's up from just 62% in the same period last year

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YESTERDAY

Gross Fixed Capital Formation (GFCF) Period: Jun-2011 to Jun-2026



Source: Stats NZ | BRANZ

- Construction activity returned to growth in the June-26 quarter, for the first time since mid-2024.
- Inflation-adjusted annual GFCF rose 1% year-on-year (up $222m) to $32bn, driving most of the quarter's GDP growth.
- Non-residential construction, however, fell 8% ($617m), the only sector to decline.
- Residential construction, by contrast, edged up 0.4%, its first expansion in 4 years.
- Other construction activity grew 7% ($790m) and, given its larger share of total activity, more than offset the non-residential decline

Who's Borrowing What - FHB v Investor v Other Owner Period: to Sept-26

	Previous years:		Monthly:				
	Sept 2024	Sept 2025	May 2026	Jun 2026	Jul 2026	Aug 2026	Sept 2026
Total lending ($million)							
All borrower types	6,548	8,181	8,633	8,445	7,853	7,188	**7,533**
First home buyers	1,379	1,572	1,680	1,601	1,580	1,475	**1,530**
Other owner-occupiers	3,709	4,786	5,233	5,104	4,683	4,231	**4,534**
Investors	1,379	1,735	1,609	1,645	1,481	1,398	**1,335**
Business purposes	80	87	112	95	109	84	**134**

Source: RBNZ

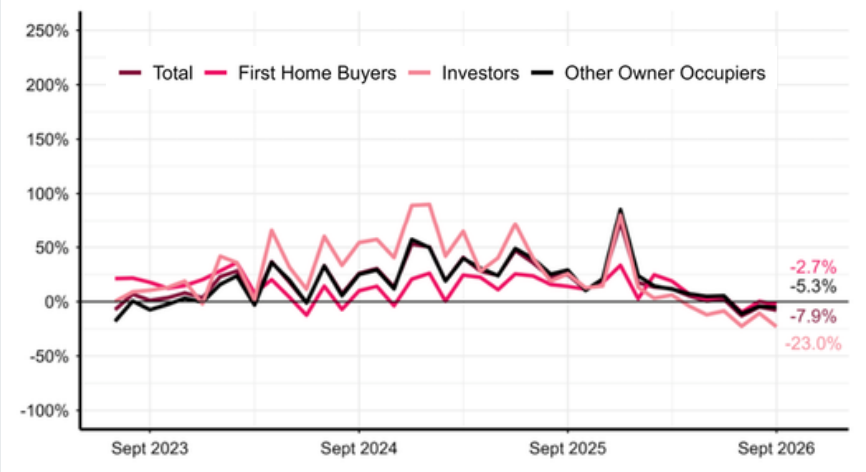
- Total mortgage lending to Sept-26 was $69.8bn, +1.7% on last year, with Auckland representing ~40% share
- There's been 185,000 new mortgage commitments in the 9 months to Aug-26, +5% YoY
- First Home Buyers have borrowed $13.9bn so far this year, +4.5% up YoY, representing 20% of the share
- The RBNZ started its current OCR lifting cycle in July, increasing the rate to 2.75% in Sept-26 and then in Oct-26 voted 4 -3 to hold at that level
- Analysts and the market expect a 25 basis points hike to 3.0% in the final Monetary Policy Committee meeting in Dec-2026

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YESTERDAY

Annual Growth in the Value of New Mortgage Commitments

Period: Sept-23 to Sept-26

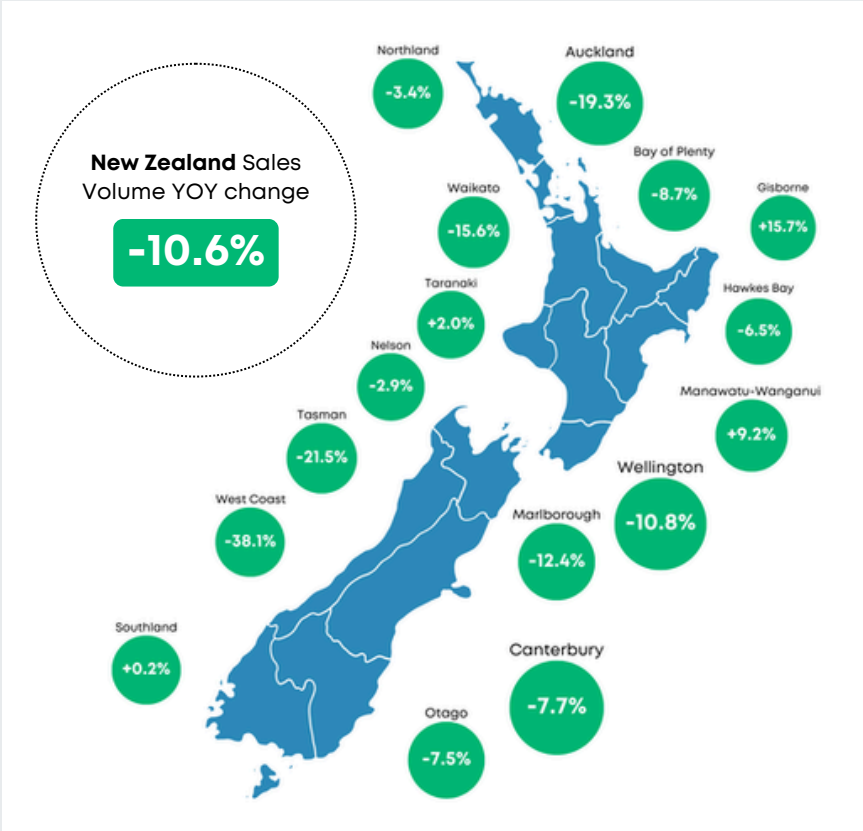


Source: RBNZ

- The annual growth (Sept-25 to Sept-26) in total value of new mortgage commitments decreased for all borrower categories
- The total value of lending for Other Owner Occupiers fell by -5.3%, whilst First Home Buyers were down by -2.7%
- Investors decreased by -23% as investors remain worried about low rental yields, economic uncertainty, and rising operational costs like council rates, insurance, and maintenance

Residential Property Sales Volume YOY Change by Region

Period: Sept-2025 | Sept-2026 (seasonally adjusted)



Source: REINZ

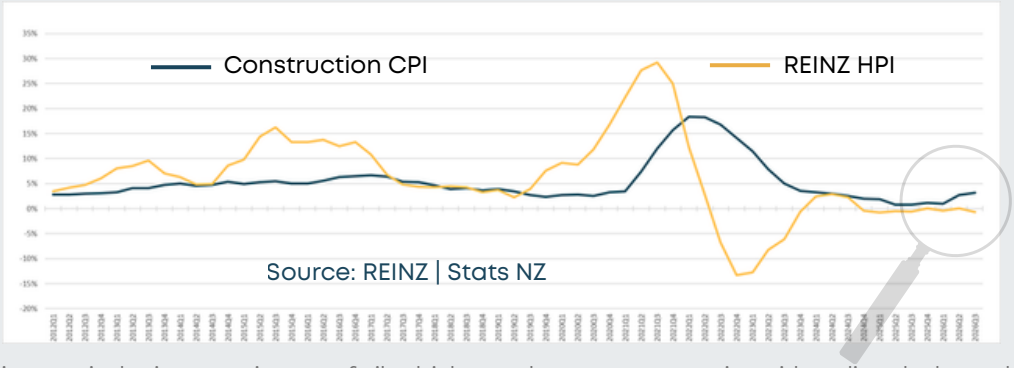
- Sept sales volumes fell sharply, down -4.3% month on month, -10.6% YoY
- Auckland dropped -19.3%, Waikato -15.6%, Wellington -10.8% and Canterbury -7.7% YoY
- REINZ says national activity is the weakest for Sept since 2022, with Auckland the lowest since 2021 and Wellington the lowest since 2010
- The sector is is suffering from low confidence, as a result of rising interest rates and cost of living that remains stubbornly elevated
- First home buyers (FHB) remain particularly active, benefiting from high listings (choice) and less investor competition
- High levels of KiwiSaver withdrawals combined with ~ 50% of FHB mortgage lending at lower deposits is allowing those able to take advantage of the general stagnation in the property market

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YESTERDAY

- Construction Cost Inflation (CPI) now sits at **+3.2%**, after much of 2025 at 1% - rising over the last 2 quarters as a result of the Gulf conflict
- The CPI measure surveys over 100 builders and developers nationwide to understand their typical prices for the most commonly built dwellings

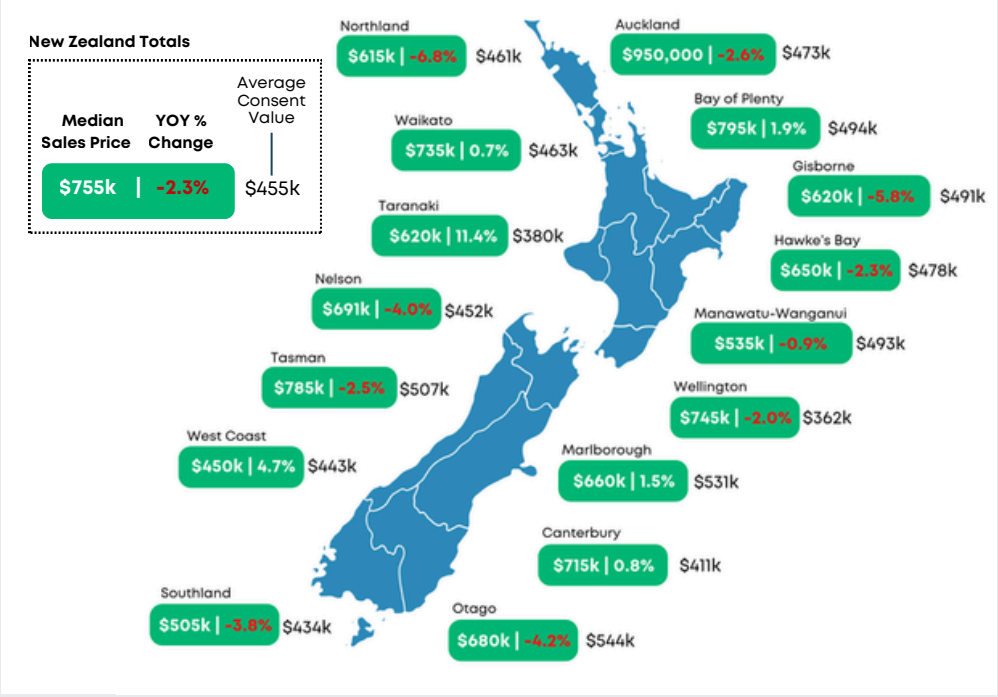
Construction Cost Inflation vs House Price Inflation Period: Q1 2008 to Q3 2026



- Clearly the greatest current impact is the increase in cost of oil, which translates to construction either directly through increased fuel and transportation costs and indirectly through increased material costs, especially for those derived from petroleum products
- House price annual inflation (HPI) dropped slightly to **-0.7%** in Sept, matching early 2023 levels. Regional variances persist: much of the North Island is falling, while the lower South Island experiences growth driven by a stronger local economy. Higher interest rates and high inventory continue to limit price growth, keeping investor demand subdued while first-home buyers stay active
- As construction costs rise, the widening gap between building new homes and purchasing existing ones could reduce project feasibility and buyer demand for new builds

Cost of New Builds v Existing Housing Period: June-2025 vs June-2026

Chart shows median sales price vs average consent value, by region



Source: REINZ | Stats NZ

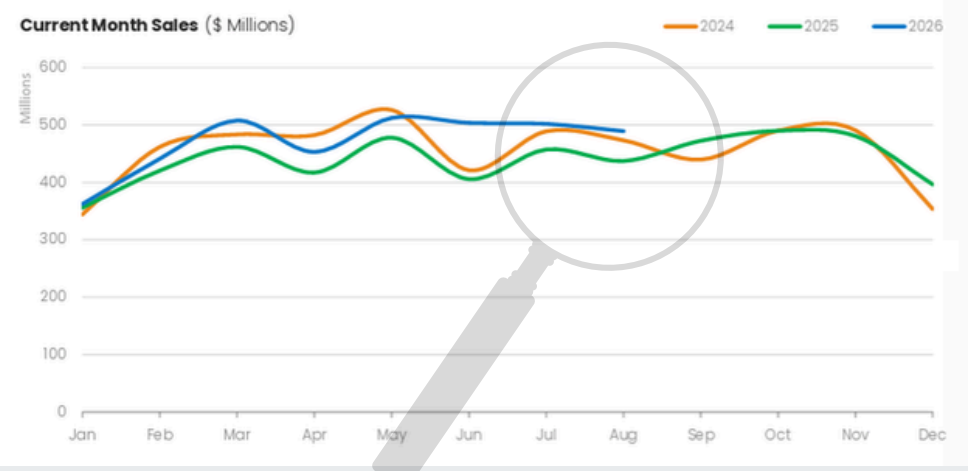
- National median sales price is down -2.3% year-on-year, with Auckland (-2.6%) and Wellington (-2%) dropping while Canterbury remains steady (0.8%). Regional variation is higher due to lower sales volumes (e.g., Northland -6.8%, Taranaki +11.4%)
- Edging interest rates, high listing inventory, subdued investor demand, and economic uncertainty limit price growth, though parts of the South Island remain resilient. This creates favourable conditions for first-home buyers with sufficient deposits
- Consent volumes rose to over 41,000, signaling growing developer confidence despite potential activity lags

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TODAY

Work currently under construction

Building Merchant Current Month Sales Period: Monthly to **Aug 2026**



Month-on-Month

2.5%

Monthly sales decreased by 2.5% from July 2026 to August 2026.

Year-on-Year

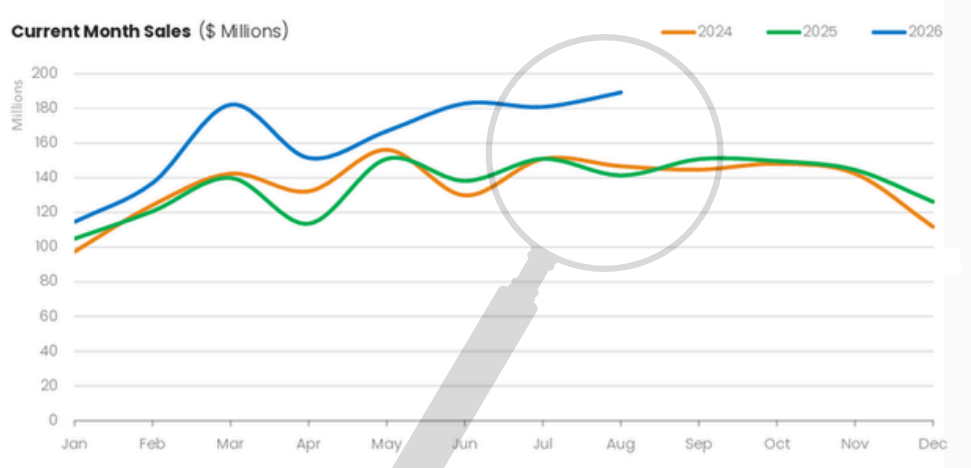
11.9%

Monthly sales for August 2026 were 11.9% higher than August 2025.

Source: CreditWorks

- **Building Merchant's** current month sales data above, shows sales through the main Building Merchants has been strong all year, and above 2024 and 2025 levels since May. August sales sit +11.9% higher YoY
- **Fletcher Building** in August posted a profit of $228m, after a loss of $419m in 2025. Fletcher's Light Building Products division (~55% of EBIT) grew revenue by more than $200m from the prior year to $2.3bn, with smaller gains recorded for the Heavy Building Products. The recent 1Q27 results confirmed volumes are improving, with their Light Building Products division in particular now showing signs of recovery in most business units

Electrical Merchant Current Month Sales Period: Monthly to **Aug 2026**



Month-on-Month

4.6%

Monthly sales increased by 4.6% from July 2026 to August 2026.

Year-on-Year

33.9%

Monthly sales for August 2026 were 33.9% higher than August 2025.

Source: CreditWorks

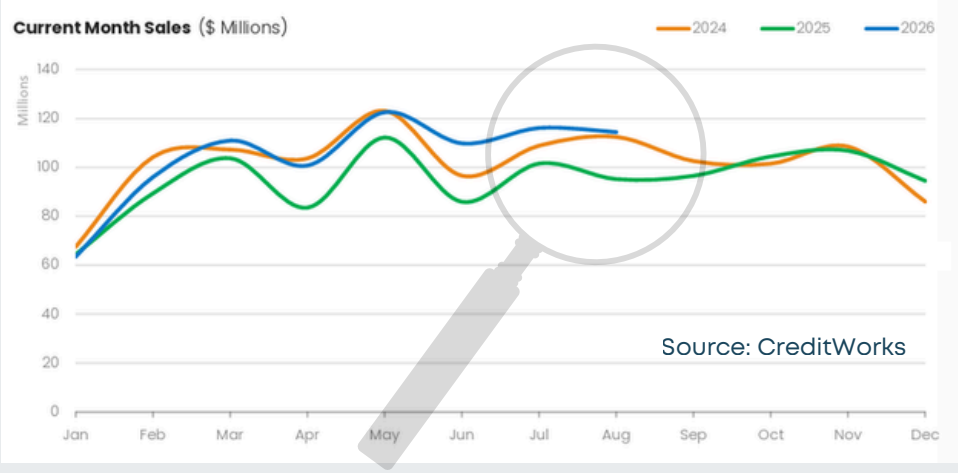
- Both **Electrical** and **Plumbing Merchant** sales numbers have been above 2024 and 2025 levels all year, with the latest August data standing at +34% and +20% respectively when compared to Aug-2025
- It's important to note these figures are not adjusted for inflation, so with the Gulf Crisis impacting logistics and input prices, we should expect some of the bump to be linked to higher prices flowing through

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TODAY

Concrete Merchant Current Month Sales

Period: Monthly to **Aug 2026**



Month-on-Month

1.5%

Monthly sales decreased by 1.5% from July 2026 to August 2026.

Year-on-Year

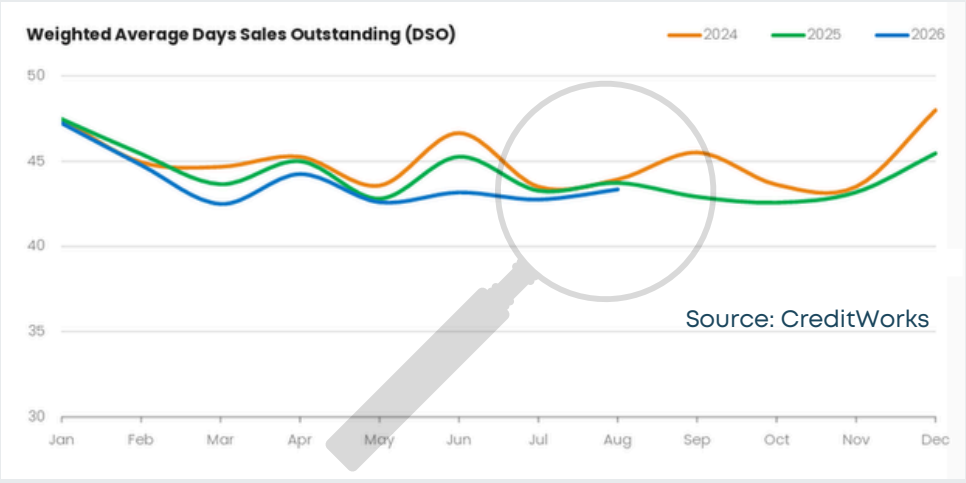
20.2%

Monthly sales for August 2026 were 20.2% higher than August 2025.

- Concrete stats can serve as an accurate and timely indicator of actual construction activity. Data from CreditWorks looks at **Sales** from Concrete Merchants (above), data from Stats NZ reports on Ready-Mix Concrete (RMC) **Volumes**
- Value-wise, the year to date sales numbers provide good evidence of a sustained recovery from a sluggish 2025, with August +20% YoY at over a $118m for the month
- However, when you look at the volume of Ready-Mixed Concrete rose +3.7% (seasonally adjusted) in the Jun-2026 quarter, following a 1.9 percent rise in the Mar-2026 quarter. Rolling 12 month YoY growth is about 2%

Building Merchant Days Sales Outstanding Period: Monthly to **Aug 2026**

How long it takes Building Merchants to collect their account receivables



Month-on-Month

1.4%

Weighted average DSO increased by 1.4% from Jul-26 to Aug-26.

Year-on-Year

0.9%

Weighted average DSO was 0.9% lower in Aug-26 vs Aug-25.

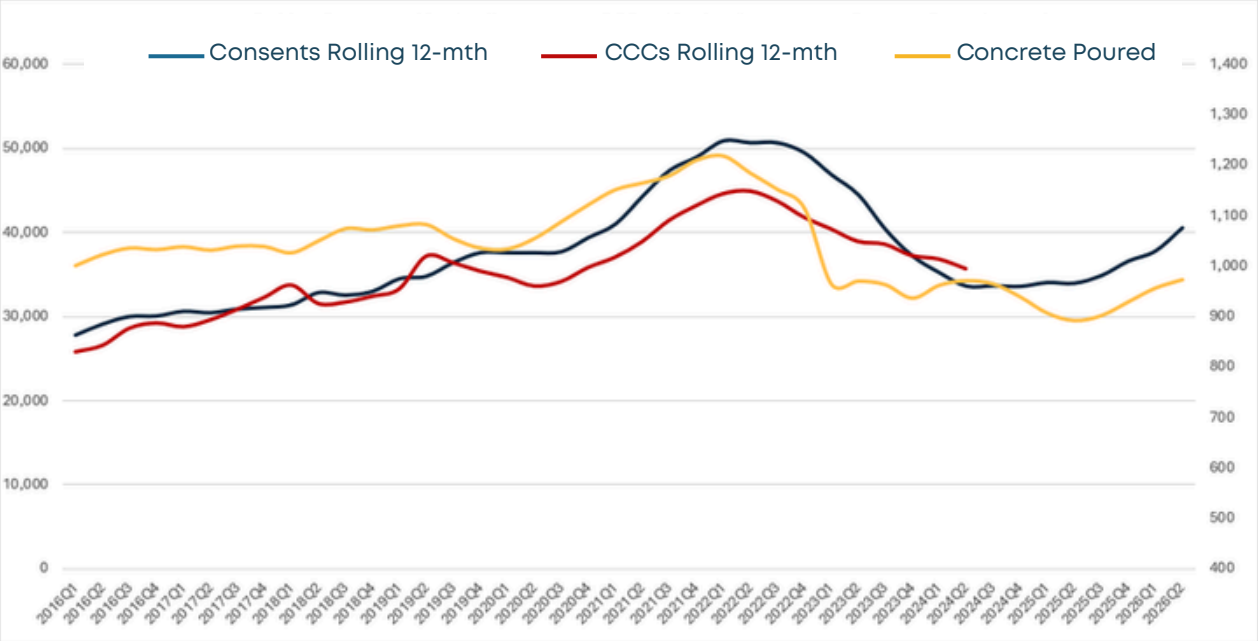
- Building Merchant data from CreditWorks provides a health check with '**Days Sales Outstanding**'
- 2026 has been contained under 2024/5 levels, likely because industry responded with tighter credit conditions
- The rolling annual volumes of winding-up applications rose +2.2% month-on-month in August, and was 18% higher YoY

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TODAY

- Whilst building consents are a good indication of the intent to build, the volume of concrete poured can provide a measure of new construction activity with the issuance of Code Compliance Certificates (CCCs) showing the number of completed dwellings
- The chart below shows the rolling 12 months of dwelling consents, plotted against the date the consent was issued - to help understand the relationships we have brought CCC data forward 18 months, based on 2022/23 median time to completion of 500 days

CCCs Issued (advanced 18 months) v Building Consent Approvals v Concrete Poured (RHS)
Period: March Quarter 2016 to June Quarter 2026



Source: Stats NZ | BRANZ Estimates

What does this show us?

- After a steady fall from the peak of consenting in 2023, when annual residential consenting hit 52,000, consents remained flat for around a year before picking up again mid-2025 and reaching just over 41,000 consents annually in the second quarter of 2026
- To understand delivery, we can look at BRANZ's estimated completions series (red line) which is adjusted to the approximate date that those completions would have been consented. This gives us an overall guide to how Consents and Completions are tracking. Whilst completions hit an impressive 45,000 in 2023, the series drops away, as we would expect with declining consenting
- This estimated CCC series has recently been revised with a new methodology, which results in a slightly higher completed dwelling count than shown in previous Pulse Reports and shows completions not slowing as quickly as consenting
- Concrete volumes, an indicator of construction starts, fell as expected but has recently picked up, suggesting increased activity. While this includes infrastructure concrete from major projects, historically the series closely tracks residential consents. With both consents and concrete volumes trending up since mid-2025, completions may soon follow

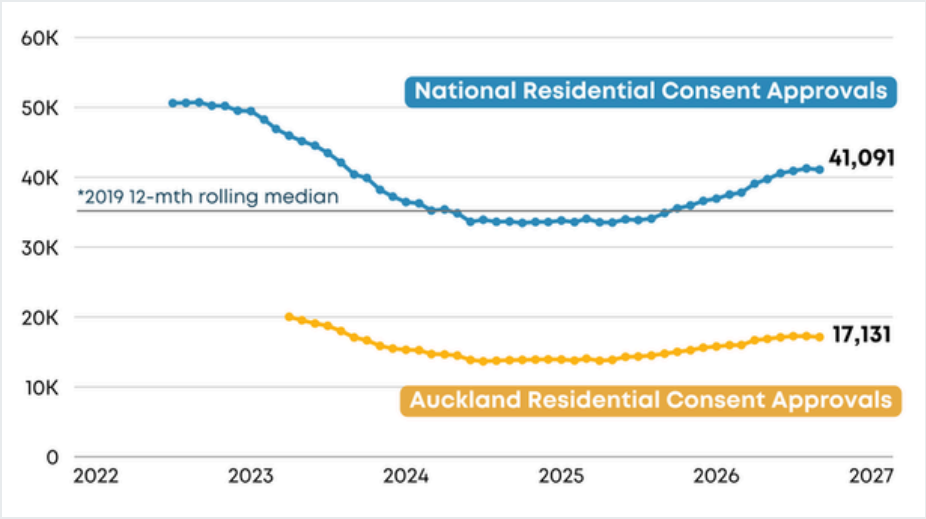
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TOMORROW

Work consented, but not yet constructed

Residential Consent Approvals - 12 Months Rolling Totals

Period: July 2022 to September 2026



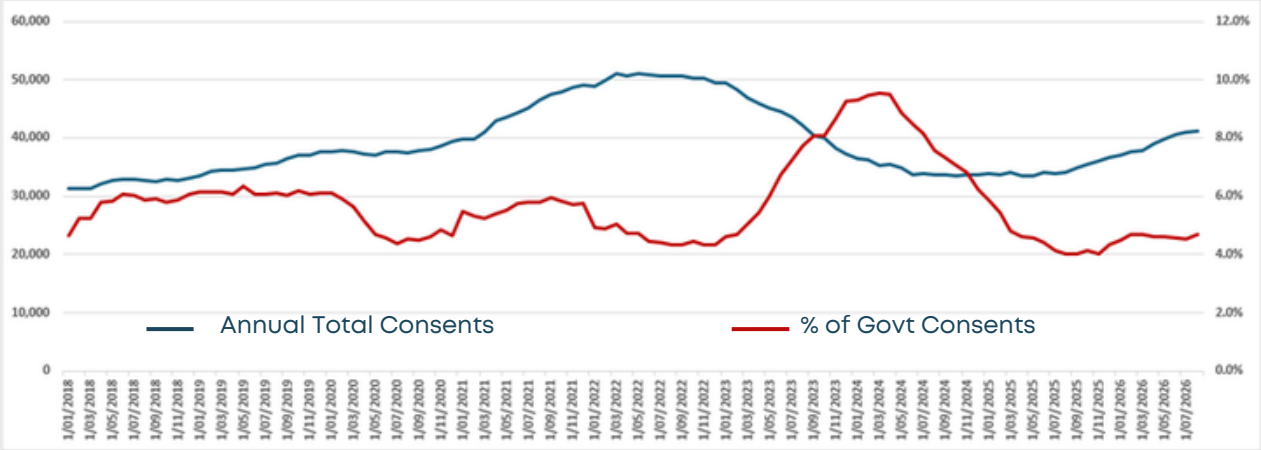
Source: Stats NZ

- The 12 months rolling totals trend (left) suggests a steady intent to build nationally, with a pipeline emerging in Auckland
- Auckland makes up 42% of the national residential consents
- The trend pushed through 41,000 for the year to June, boosted by recent consenting strength in the South Island
- Nationally, YoY % growth to Sept-2026 was +17%
- Average floor area per dwelling has dropped by almost -7%, from 148 to 138m2 in 4 years

Central Govt Dwellings Consented as % of Total

Period: January 2018 to July 2026

Source: Stats NZ

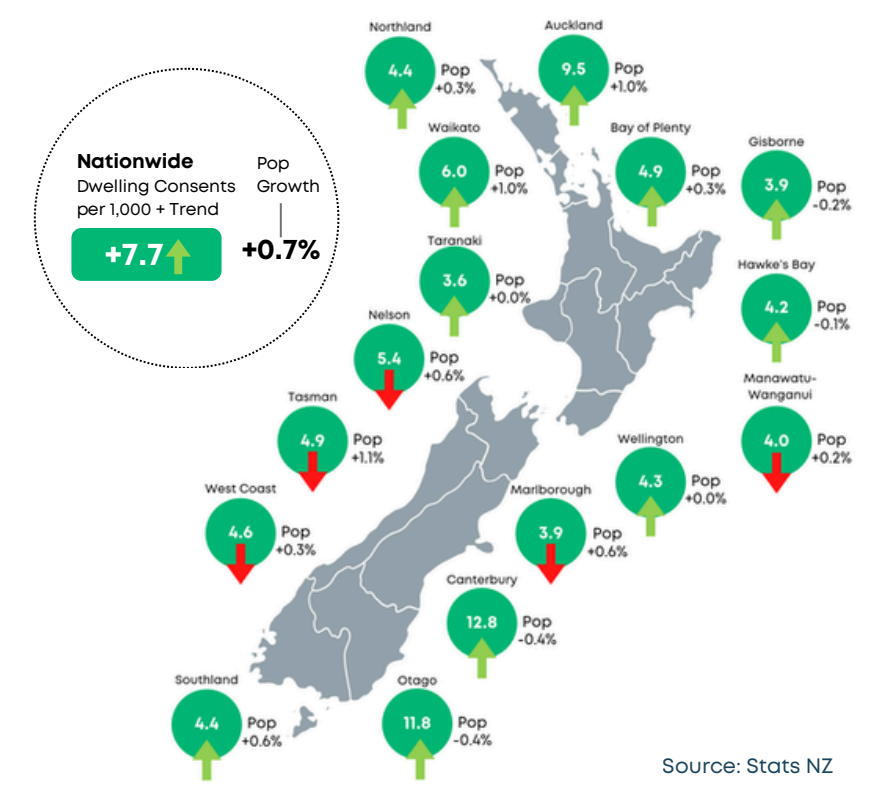


- Government consenting (mainly Kāinga Ora) has increased slightly in recent months, but this is only a general level of consenting as KO moves into a "replacement-only" programme of work, ie not expanding net new houses
- Community Housing Providers (CHPs) activity is not included in above chart, but has ramped up with 353 delivered, 995 under construction and 206 approved
- 5 new **strategic partnerships** were announced this year, including Accessible Properties and The Salvation Army
- See the **Housing Delivery Dashboard** for regular updates, provided by Ministry for Cities, Environment, Regions & Transport (MCert)

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TOMORROW

Dwelling Consents per 1,000 Population by Region with Trend Direction and Population Growth Period: Year to **August 2026**

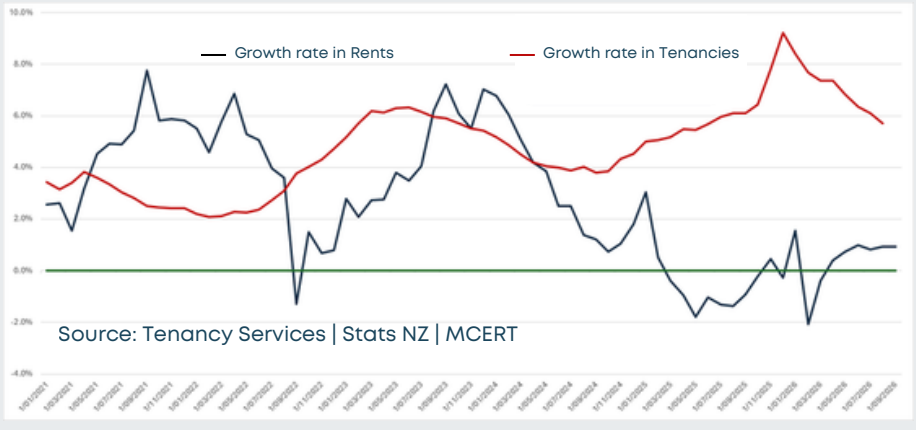


- Consents per 1,000 population rose nationally to 7.7, remaining well above pre-COVID levels but staying below the 2023 peak of 9.6
- Across the country, 11 of 16 regions experienced increased consenting activity through Aug-2026
- Canterbury (12.8) and Otago (11.8) led regional growth, while Nelson, Tasman, and Marlborough saw slight declines
- North Island construction recovery broadened, with nearly all regions growing except Manawatu-Whanganui
- Annual population growth slowed to 0.7% (down from 1.8%) due to lower net migration
- Gisborne, Hawke's Bay, Nelson, and Tasman all recorded total population declines

Rental Bonds Trends

Period: January 2021 to Sept 2026

- The growth rate in rental tenancies (as measured by bonds lodged with Tenancy Services) has increased since Sept-2024, largely because of a high level of newly completed dwellings becoming available for rent
- The December 2025 tenancy peak was likely a one-off anomaly from transitioning to the new bond system, with growth since slowing to normal levels



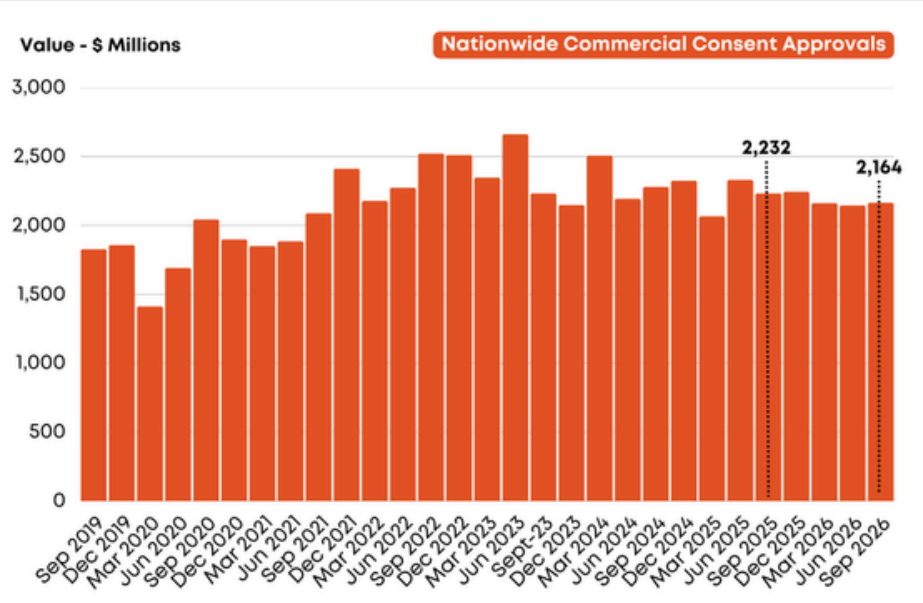
- Rental inflation has returned to positive territory after prolonged decline and volatility, particularly in Auckland and Wellington, where landlords found themselves struggling for tenants and adjusting rents accordingly
- This return suggests improved balance, though high listings and low net migration mean rents will likely remain subdued for the medium term

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TOMORROW

Quarterly Value of Current Non-Residential Consent Approvals

Period: September 2019 to **September 2026**

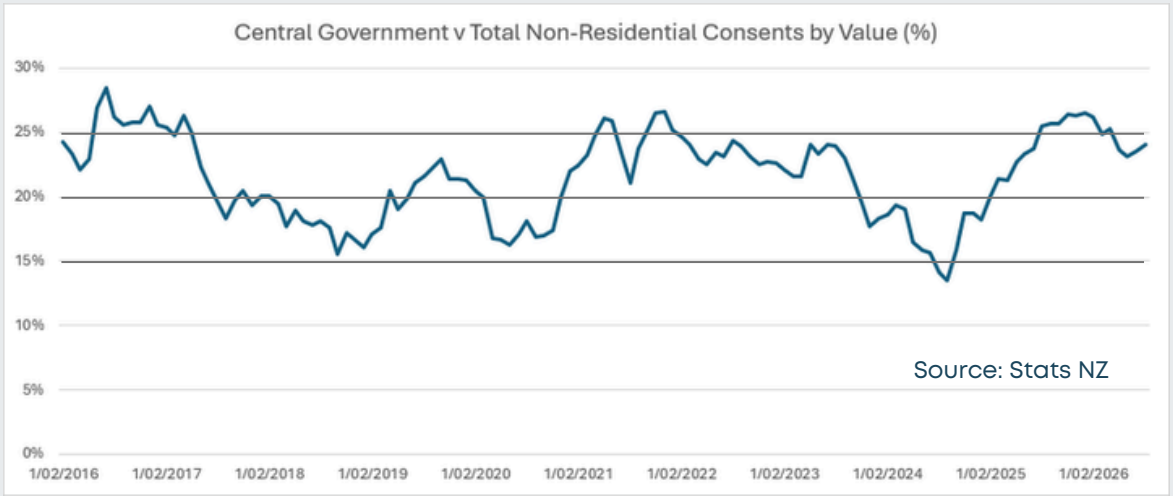


Source: Stats NZ

- The value of non-residential consents remained pretty flat with -3% YoY growth for the year ended Sept-26
- But total floor area consented grew by +7% in the same period to 2.3m square metres
- In Q3-2026 Education buildings saw $377m worth of consents, up +34% on same period last year, and Health buildings saw $220m in consents, up +14% on Q3-2025
- And Offices, Admin, Public Transport building has seen $1.4bn consented YTD 2026

Central Government v Total Non-Residential Consents by Value

Period: September 2015 to **September 2026**



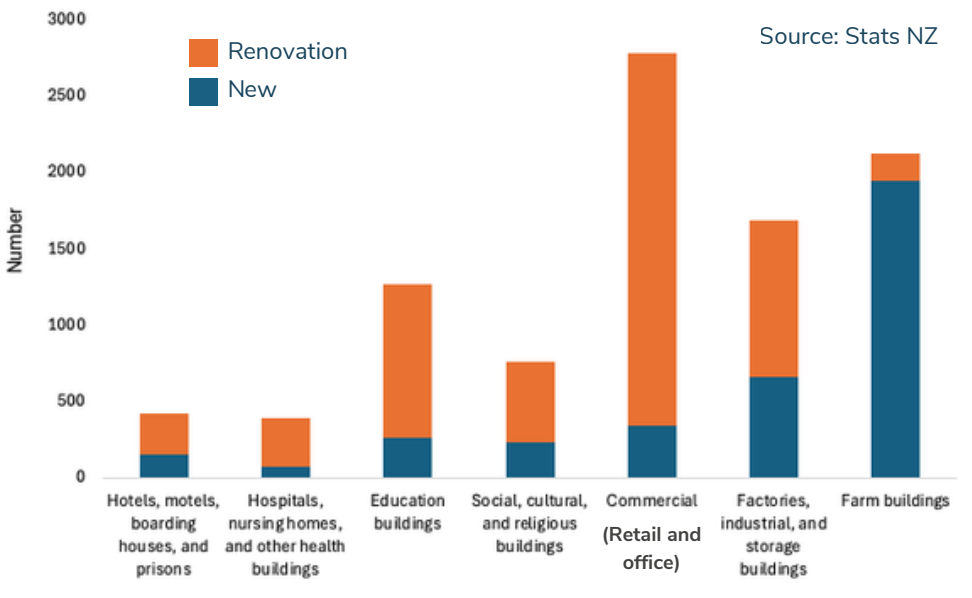
- The chart above plots central government projects as a percentage of total non-residential consents
- In past 18 months we've seen that ratio grow from 22% to 26% , but has slipped back recently to less than 25%
- Reminder: from early 2024, the National Coalition government paused a number of Education and Health projects to review state-funded activity which has since seen a 'standardised approach' being rolled out to design
- 2026 YTD (Jan to Sept) consenting value for Health buildings has totalled $534m, en par with YTD last year
- The 2026 Budget allocated $680m for health infrastructure, so all eyes remain on consenting numbers
- Education buildings remain an important component of non-residential, accounting for over 16% of the total

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TOMORROW

Number of New Commercial Consent Approvals Year-ending Q2 | 2026

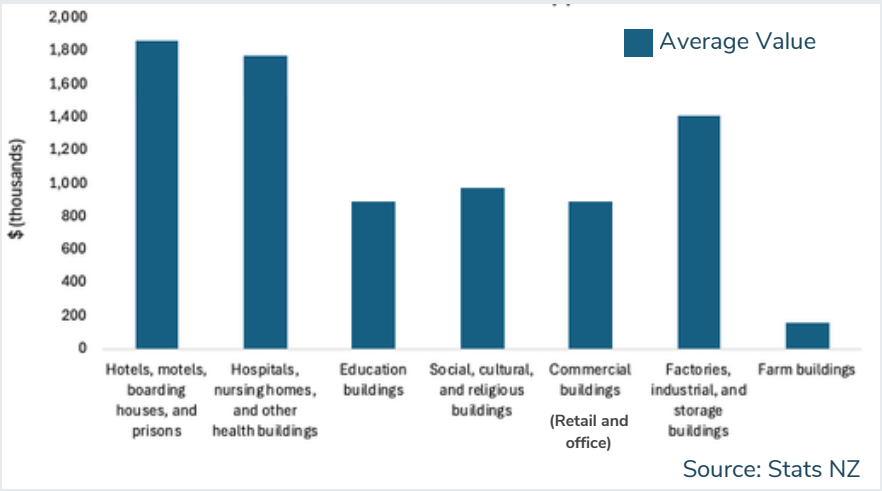
By Type and New vs Refit/Renovation



- Commercial buildings (retail & office) were the dominant non-residential building type, with 2,788 consents issued over the 12 months to June 2026 quarter, down -6.4% compared to the total consented over the year to March 2026 quarter. The vast majority (88%) were retrofit/renovation
- Farm buildings were the next most consented building type, with 2,132 consents.
- However, in contrast to commercial property, the cost of farm buildings is comparatively low, with an average build value of just $168,000
- They were followed closely by factories, industrial and storage buildings (1,690 consents), and then education buildings (1,275 consents)

Value of New Commercial Approvals Year-ending Q2 | 2026

By Type and Average Value



- Health facilities had few consents (398 in total) for the year-ending June 2026, but high build values, averaging $1.8m overall ($5.7m for new builds, $0.8m for renovations)
- Accommodation ($1.86m), industrial/storage ($1.4m), and education buildings ($0.9m) all had average consent values of around $1m or above

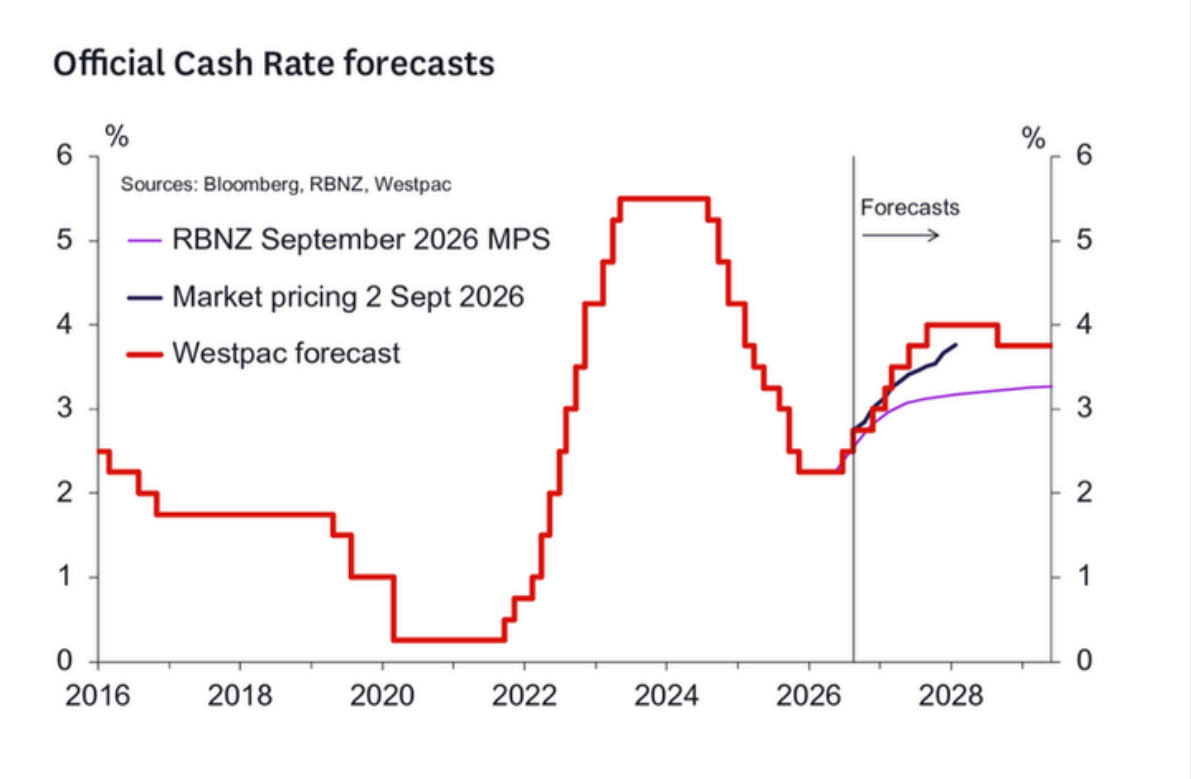
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FUTURE

Neither consented or constructed yet

- The RBNZ lifted the **OCR to 2.75%** at its September policy meeting, as the bank continues its path to returning the OCR to neutral. Governor Breman emphasised that the Bank is "not on a preset course" and that the timing of any further increases remains uncertain
- The pick-up in economic activity remains uneven with export-focused industries, and much of the South Island, performing relatively well, while households in Auckland and Wellington remain under pressure. The RBNZ highlighted the ongoing global uncertainty and downside risks to growth

RBNZ OCR Actual & Projections (%) and Market Pricing
Period: 2016 to 2029



- The RBNZ's OCR track remained largely unchanged with a gradual rise to 3.0-3.25% by the end of 2027
- Economists and market pricing remains more hawkish with the OCR forecast to peak at 4.0% by the end of 2027
- The OCR rate was left unchanged on 28 October review, but Westpac expect a 25 basis point rise in time for Christmas in the Reserve Bank's 9th December Monetary Policy Statement
- Simplicity Economist, Shamubeel Eaqub, on a podcast with Toby Manhire, said we must learn from the mistakes made in the GFC: "*I think the big one that worries me at the moment is a central bank that wants to raise interest rates in the middle of the supply side shock. An increase in interest rates today would derail the very, very fragile state of this economy.*"

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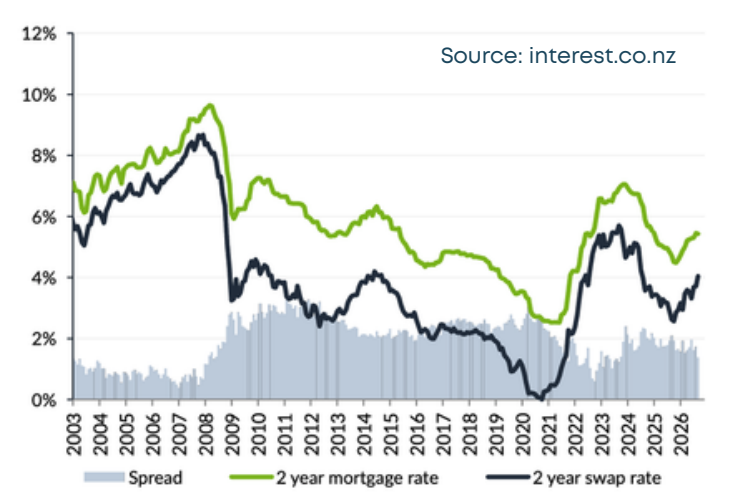
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Interest rates

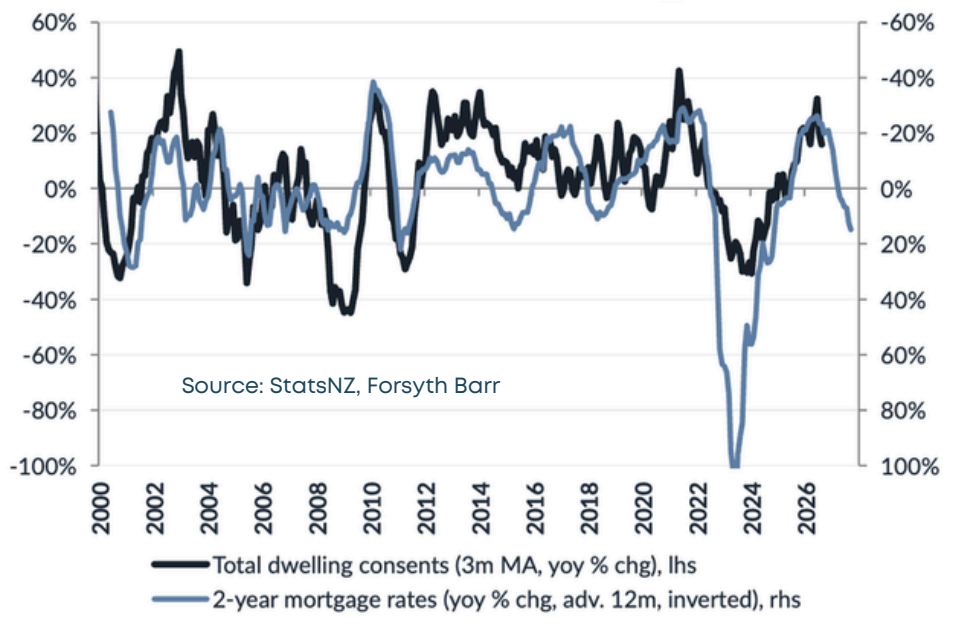
- Wholesale rates have moved higher, with swap rates rising as markets price in a less accommodative interest rate outlook. These increases have been flowing through to fixed-term mortgage rates
- Stats NZ data estimates the average interest rate on outstanding mortgages fell to 4.9% in the June quarter but this will move higher as fixed rate mortgages roll over
- The current **2-year mortgage rate is circa 5.5%**

Mortgage Rates - 2003 to 2027: 2yr Swap & Fixed Rates

'Swap Rate' is the rate NZ banks borrow at to lend at a fixed rate to the public



Residential Building Consents vs Mortgage Rates - 2000 to 2027



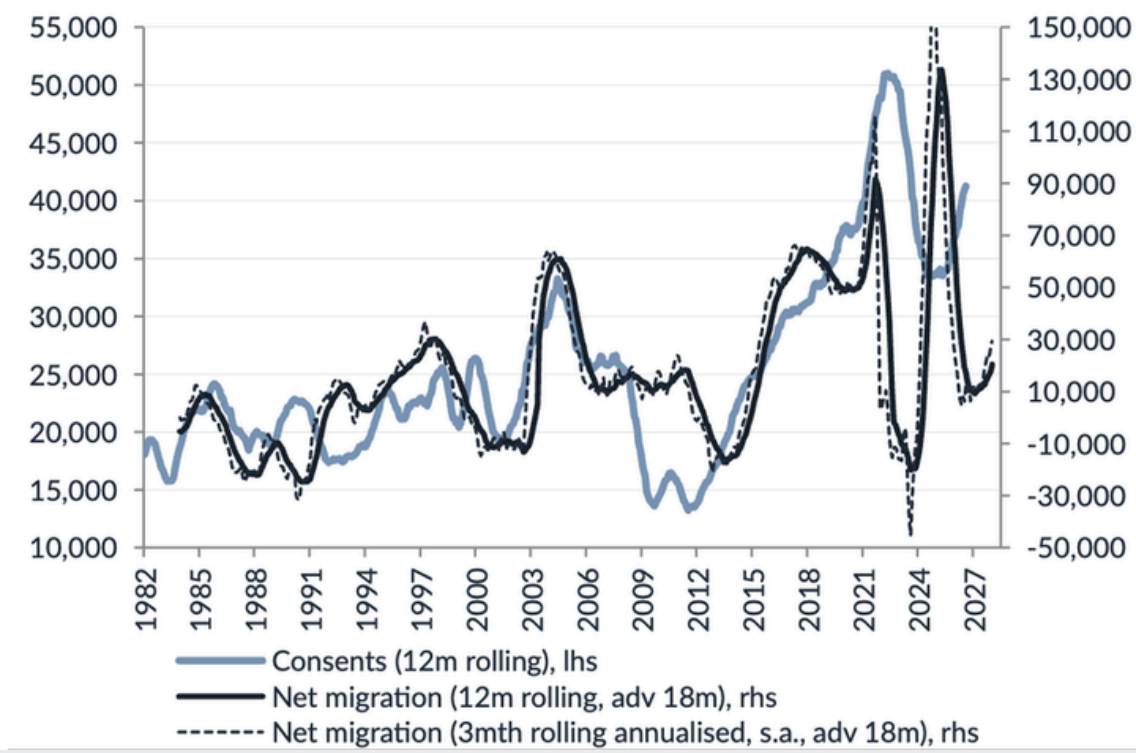
- Interest rates are a key short-term driver of housing demand, and changes in building consents have historically tended to move inversely with changes in mortgage rates
- Recent increases in mortgage rates have removed one source of support for residential approvals, although changes in mortgage rates typically affect consents with a lag of around 12 months
- As well as increased funding costs, the large inventory of homes on the market, weak (but improving) net migration and challenging labour market conditions all weigh on residential construction activity

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Migration

Residential Building Consents v Net Migration - 1983 to 2028



Source: Stats NZ, Forsyth Barr

- Relative weakness in the labour market over the past two years has contributed to higher outward migration from New Zealand, particularly to Australia. However, outward migration pressures appear to be easing, with net migration having increased off its late 2025 lows
- Provisional estimates for the Aug-2026 year compared with the Aug-2025 year is an annual net migration **gain of +20,500**. The year to Aug-2025 saw a gain of just 9,200
- Migration is typically a medium-term driver of housing demand, with the RBNZ estimating a two-year lag between migration and housing construction. This aligns closely with the roughly 18-month lag observed between migration and residential consent activity, as shown in the chart
- Natural population growth in New Zealand to the year ending June-2026 was 18,700, so migration accounts for over half of the country's total growth
- Based on current migration settings and natural population growth, historical relationships suggest underlying dwelling demand remains below current consent levels, although the gap has narrowed slightly as migration has recovered

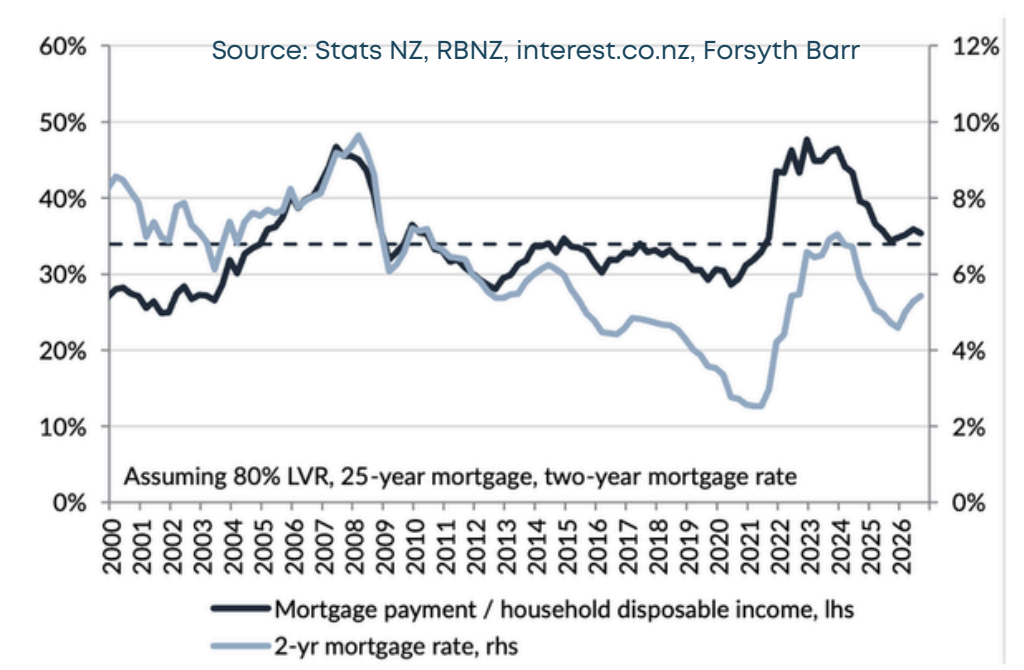
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Affordability

- Affordability has long been a key constraint on housing demand. The chart below shows the share of household disposable income required to service a mortgage on the average home.
- Over the long run, mortgage repayments have averaged around 34% of household disposable income. While mortgage rates remain below their recent peak, recent increases have slowed the improvement in affordability, and mortgage servicing costs remain above this long-run average.
- With mortgage rates rising this is up to approximately 35% at the end of the September, and slightly above historical norms. As a result, affordability remains a modest constraint on housing demand despite the improvement seen over recent years

Mortgage Rates vs Mortgage Serviceability - 1999 to 2026



Several scenarios could see affordability return to its long-run average:

- (1) Mortgage rates would need to fall by around c.50bps, taking the two-year mortgage rate back to around 4.9%
- (2) House prices would need to decline by around -5%, assuming incomes and mortgage rates remain unchanged
- (3) Household incomes would need to rise by around 5-6%, which is achievable if the economic recovery feeds through into wages and employment

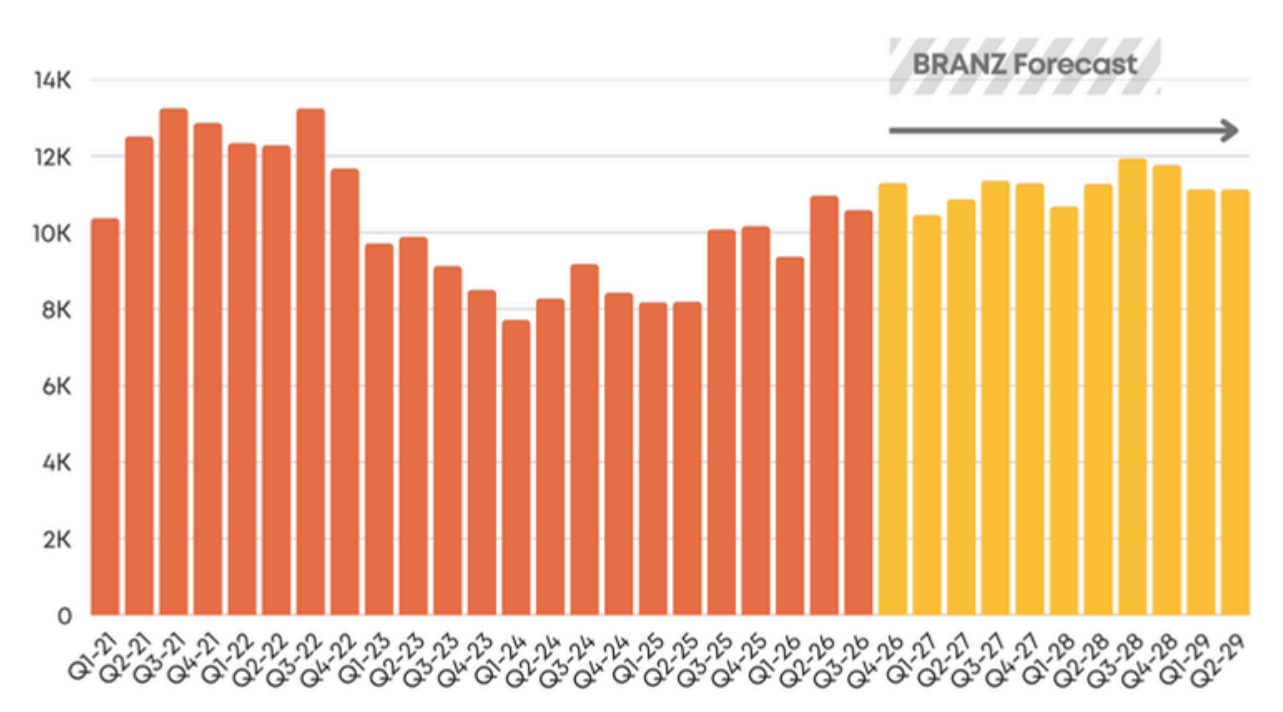
With interest rates as a headwind, further improvements in affordability increasingly depends on sustained income growth and stable/lower house prices

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Residential Building Consents

Residential Consent Actuals and Forecasts by Quarter
Nationwide Period: Q1-2021 to Q2-2029



Source: BRANZ Forecast

- BRANZ's median forecast suggests that the number of new dwelling consents could continue to increase over the next two years, reaching **46,610 approvals in the year to the June 2029** quarter
- However, the wider forecast range indicates that national quarterly consent numbers are more likely to track sideways, as shown in the chart above
- Despite recent increases, relatively low interest rates (by historical standards) are expected to continue to support builders' demand for borrowing in the short term
- However, this stimulus is likely to fade as RBNZ's OCR is predicted to keep rising until late 2027
- Simultaneously, BRANZ expects a faster house-price growth from early 2028 which will strengthen builders' revenue, driving most of the consenting intentions
- On the contrary, continued increases in building costs are expected to compress profit margins and weigh on consenting decisions, partly offsetting the benefit of higher revenues. Together, these opposing forces are expected to keep residential consents broadly stable at the national level
- From a calendar year forecast perspective, the BRANZ model thinks we can expect:
    - **2026: ~42,000** dwelling consents
    - **2027: ~44,000** dwelling consents
    - **2028: ~45,700** dwelling consents

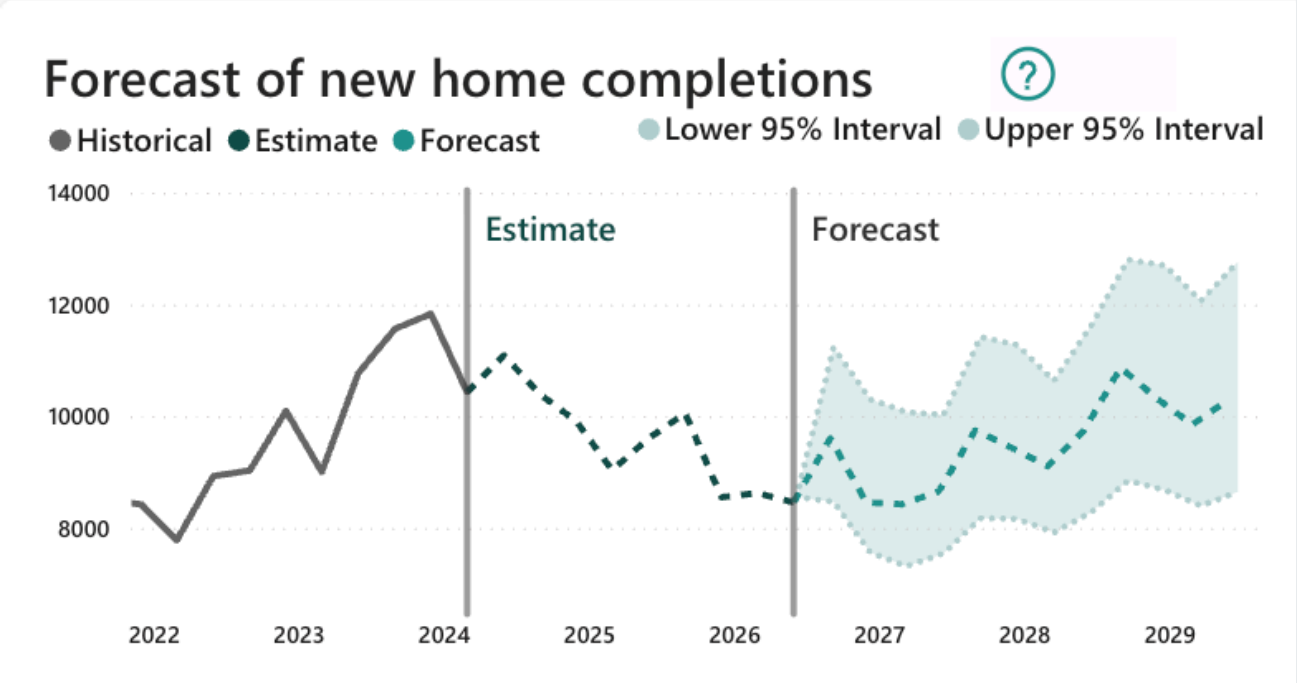
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Residential Building Completions

- As shown in the chart below, BRANZ Forecast for home completions shows a clearer path towards recovery, supported by an improving construction pipeline
- Specifically, the model predicts that the second half of 2026 will see 18,056 completions, following an estimate of 17,079 CCCs issued in the first half – a total of **35,135** for the current calendar year
- The model goes on to predict that **41,332 homes** will be completed in the year to **June 2029**, about +15% above the current run-rate
- To provide a quarterly completions perspective, BRANZ suggests we should expect to surpass 10,000 per quarter by mid-2028
- Overall, BRANZ feels the forecast aligns with the current evidence of an improving residential construction pipeline and suggests that completions will begin catching up with the increasing volumes of consented work we've seen from late 2025 onwards

Residential CCCs Estimated Actuals & Forecast by Quarter
Nationwide Period: Q1-2022 to Q2-2029

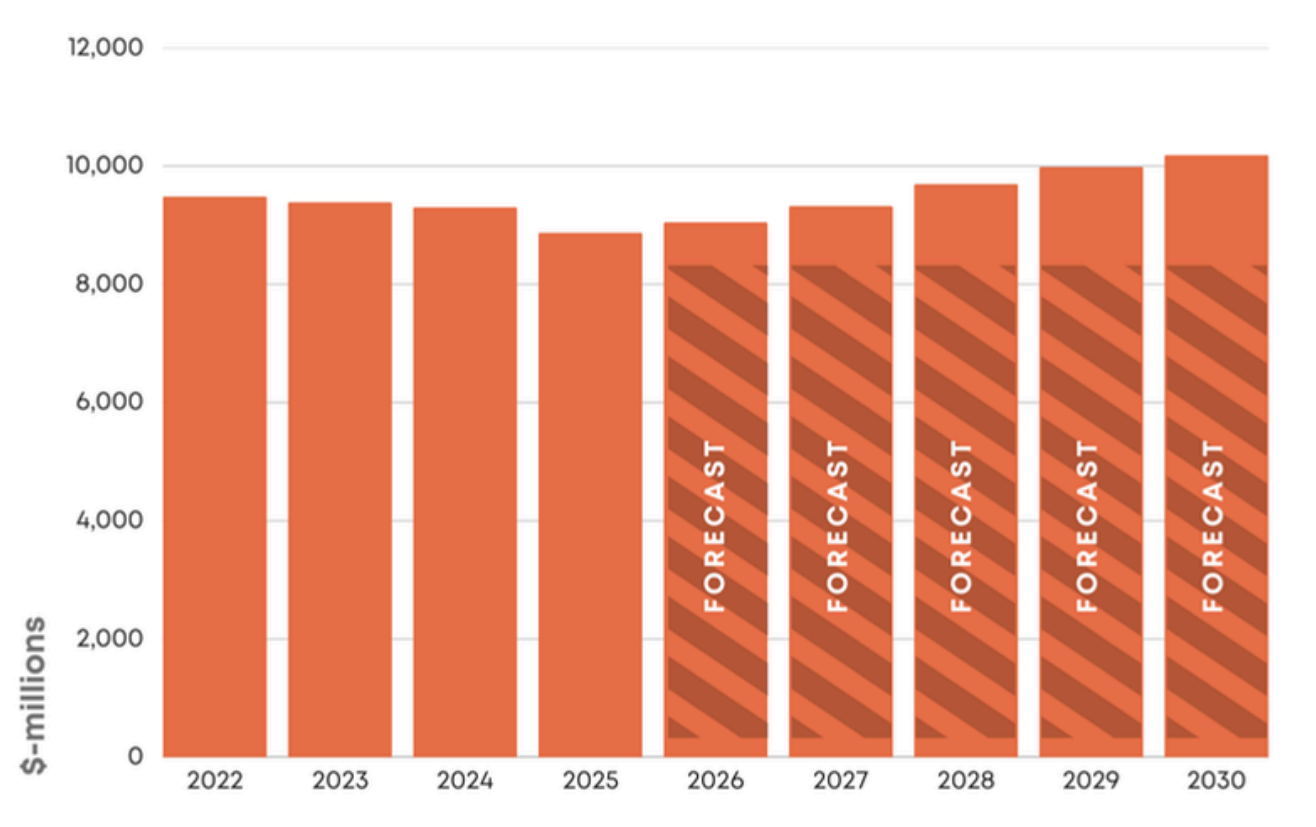


Source: BRANZ Forecast

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BRANZ Annual Commercial Consents Value - Actuals and Forecasts - *not adjusted for inflation*
Period: 2022 to 2030



Source: BRANZ

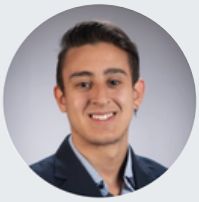
- BRANZ expect non-residential activity to increase following the falls over the last couple of years
- The value of non-residential consents is expected to increase by an average of 2.7% per year across the next 5-years, but when the series is adjusted for inflation the outlook is flat
- The private sector continues to be the largest initiator of non-residential building, contributing 67% of the value of researched intentions for 2025–2030
- Government projects, in particular in health and education, have represented up to ~25% of total consent approvals, so further announcements from government to include their broader portfolio such as Defence and Justice will be welcomed by industry
- The $7.7bn budget for Health New Zealand to deliver the 110 HCE-funded projects over the next 7 years is moving through the pipe steadily, but slowly
- The Ministry of Defence announced at the end of last year a package worth $2.5bn over 4 yrs to upgrade and build much needed new homes, training and operational facilities
- A robust Health and Education government property programme is essential to provide a stable foundation for non-residential projects over the next 3 years

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Feedback

We trust that this report has provided some valuable insights. We will develop this resource over time, and warmly accept any feedback on the usefulness of information and opportunities to include other key drivers impacting our industry.

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