

THE PULSE

ARCHITECT'S DASHBOARD

In December 2023, EBOSS launched the revamped quarterly Pulse report to summarise key factors influencing demand for construction in New Zealand. The Pulse is developed in partnership with BRANZ, CreditWorks, and Forsyth Barr, with additional input from the Ministry of Housing and Urban Development.

This is the 'Architects' dashboard' of useful residential insights - a summary of three key factors you can discuss with residential clients when planning a building project. Kōrero will feature this dashboard each quarter. We will look to include commercial insights in future issues.

You can download the full report [here](#).

Disclaimer: The information provided is for general informational purposes only and should not be relied upon for making financial decisions. Users are advised to seek independent professional advice before making any financial decisions.



01 Demand

Whose Borrowing What - FHB v Investor v Other Owner Period: to Dec-23

	Previous years:			Monthly:			
	Dec 2021	Dec 2022	Aug 2023	Sep 2023	Oct 2023	Nov 2023	Dec 2023
Total lending (\$million)							
All borrower types	7,931	5,121	5,782	5,194	5,778	6,539	5,304
First home buyers	1,562	1,110	1,368	1,253	1,369	1,558	1,335
Other owner-occupiers	4,978	3,020	3,340	2,965	3,293	3,770	3,008
Investors	1,310	913	986	894	1,021	1,138	894
Business purposes	81	78	88	82	95	73	68

Whose Borrowing What

“ Confidence remains. Mortgage borrowing is strong with record levels of first home buyers (FHB), strong existing borrowers, and investors poised to come back. ”

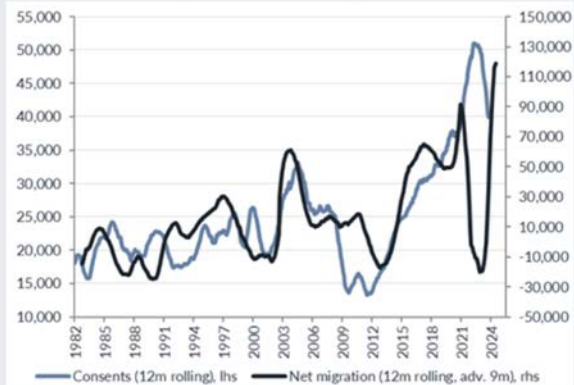
Source: RBNZ

Residential Building Consents v Net Migration

“ Population growth will fuel demand for new housing. Overall population grew by 145,100 in 2023. ”

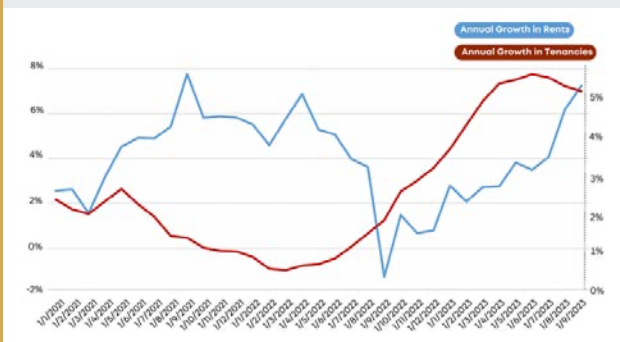
- Natural population growth combined with net inward migration is at record levels with **+145,100** estimated for 2023 calendar year
- Migration is typically a medium term driver of housing demand and the RBNZ estimates a 2 year lag between migration and housing construction
- This is broadly consistent with the 18 month lag between migration and residential consents shown in the chart.

Residential Building Consents v Net Migration Source: Stats NZ



Source: STATS NZ

Rental Bonds Trends Period: Jan-21 to Sept-23



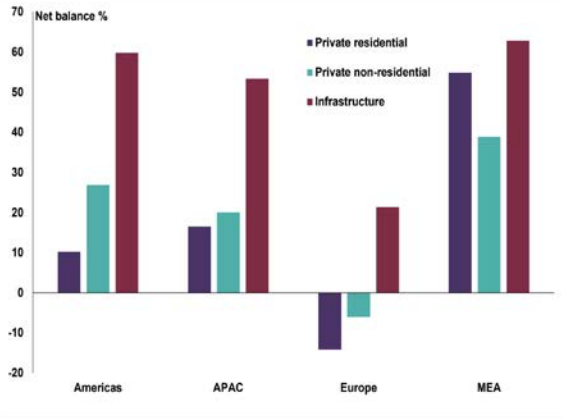
- Despite concerns from landlords, we have not seen any material selling off of rental property. The number of rental bonds lodged has continued to rise, hitting nearly 5% annual growth in June 2023
- This increase coincided with the rise in net migration particularly in Auckland where migrants tend to settle first
- That demand has driven rent price inflation up nationwide to 7.2%

Rental Bonds Trends

“ Strong rental increases will drive demand for rental properties, supported by the reintroduction of interest deductibility. ”

Source: TENANCY SERVICES / STATS NZ

02 Affordability / Feasibility



- The chart to the left confirms the scale and importance of infrastructure spending in all regions
- For the Americas and Middle East in particular, the Q3 results show expectations being upgraded relative to the last quarter
- APAC survey contributors foresee infrastructure workloads rising in the year ahead

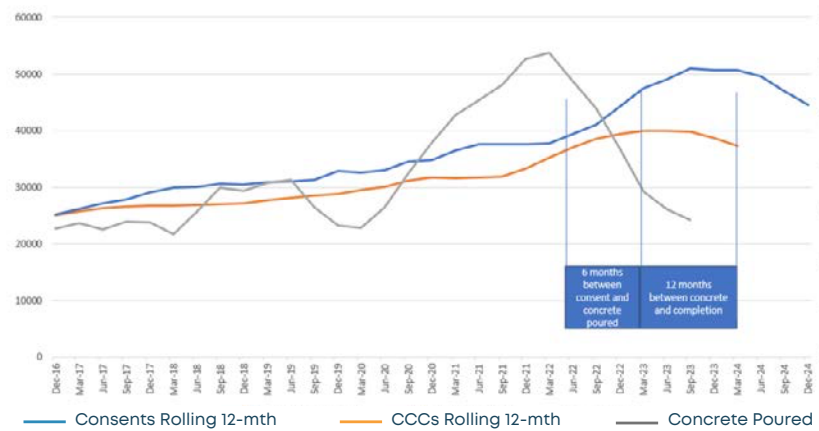
Global: 12-Month Workload Expectations by Region

“ Certainty of cost. Building materials pricing is stabilising after 2 years of increases. Globally there is excess supply and weaker demand for building materials. ”

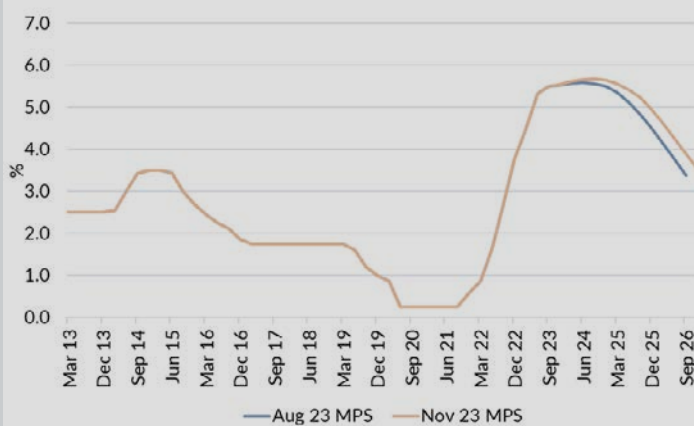
Source: RICS

Completions (CCCs) v Concrete Poured v Consents (lagged 18 months)

“ Those starting design now will have homes completed toward the end of 2025. Current estimates are 18 months from design to completion. ”



Source: STATS NZ / BRANZ

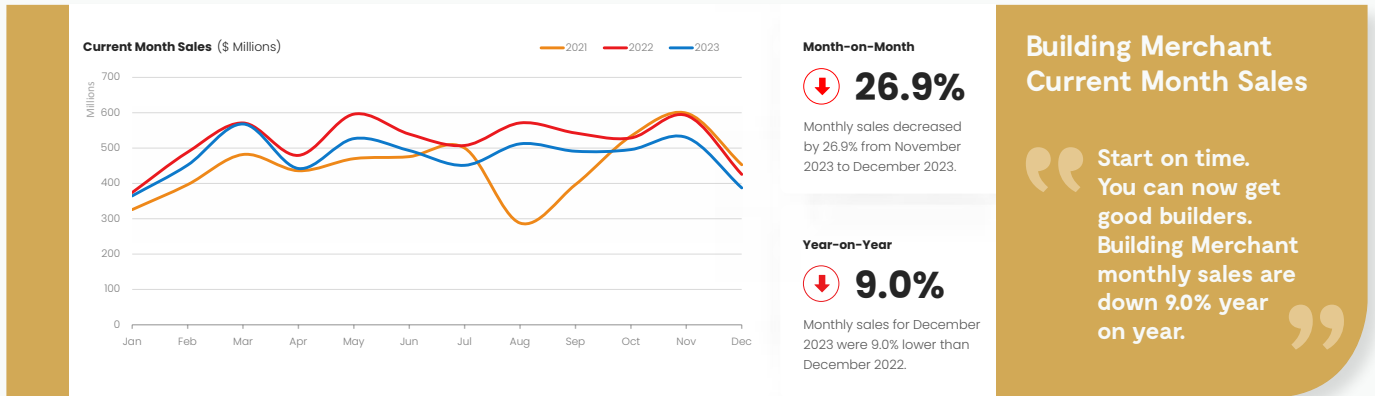


RBNZ- Official Cash Rate Actual and Forecast

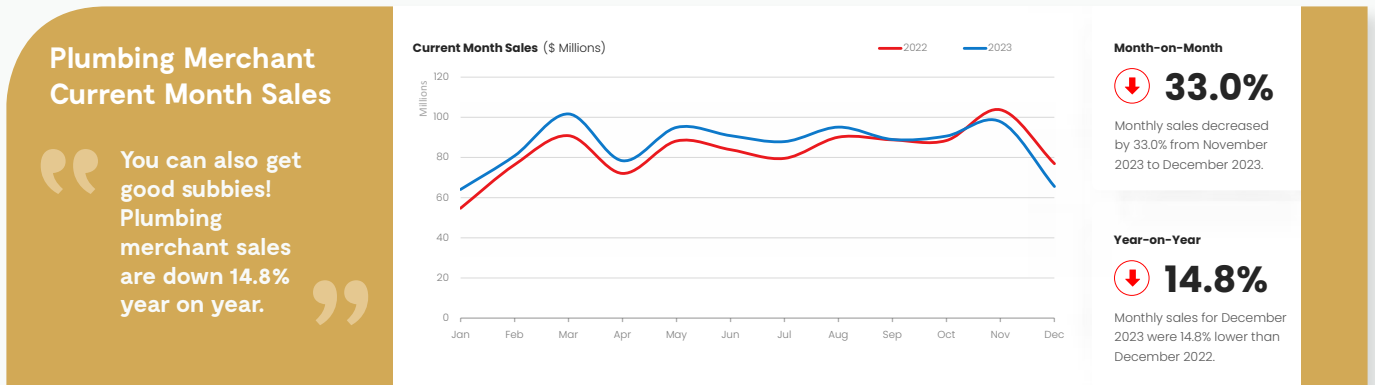
“ OCR forecasts drop in 2025, so projects in design/ planning now will be first to take advantage of new lower rates. ”

Source: FORSYTH BARR

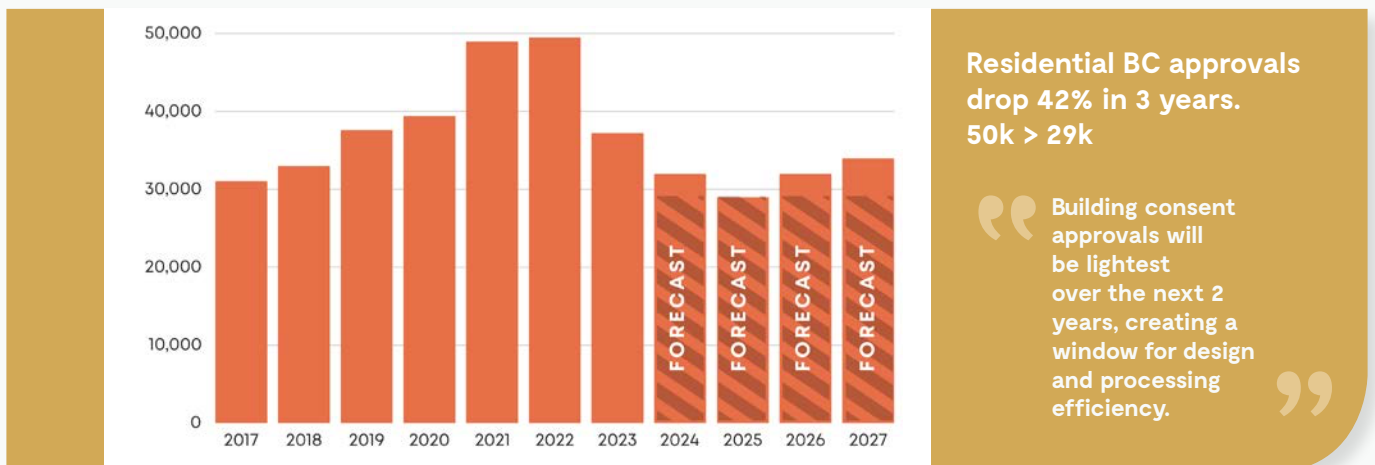
03 Capacity



Source: CREDITWORKS



Source: CREDITWORKS



Source: BRANZ